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THE IMPLEMENTATION OF THE CUBAN LIBERTY  
AND DEMOCRATIC SOLIDARITY (LIBERTAD)  
ACT OF 1996

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Y 4. IN 8/16:C 89/12

The Implementation of the Cuban Lib...

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
THE WESTERN HEMISPHERE  
OF THE  
COMMITTEE ON  
INTERNATIONAL RELATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTH CONGRESS  
SECOND SESSION

—————  
JULY 11, 1996  
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Printed for the use of the Committee on International Relations



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# THE IMPLEMENTATION OF THE CUBAN LIBERTY AND DEMOCRATIC SOLIDARITY (LIBERTAD) ACT OF 1996

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THURSDAY, JULY 11, 1996

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 1:35 p.m. in room 2359, Rayburn House Office Building, Hon. Dan Burton, chairman of the subcommittee, presiding.

Mr. BURTON. This hearing will be called to order.

I welcome all of you to this very important hearing of our subcommittee. In just 4 days, the President of the United States will have to make a very crucial decision regarding implementation of the Cuban Liberty and Democratic Solidarity Act. This law has traveled through a very long journey. This is its final act.

The aim of our bill, which is now law, is to promote freedom and democracy and human rights in Cuba. The evidence so far indicates that the Libertad Act is already having a very positive effect. The law is having a chilling effect on many potential investors in Cuba and this will deny Fidel Castro the hard currency that he needs to survive.

The credibility of this Administration and of U.S. policy toward Cuba is now on the line. Title III represents the teeth of our legislation. The President can strike a blow for freedom by allowing Title III to take effect next week.

The implication of delaying the implementation of Title III is very grim. Such a move would represent a clear-cut victory for the tyrant, Fidel Castro. Furthermore, it would erode our nation's prestige by creating the impression that the President of the United States is caving in to foreign pressure. Mr. President, do the right thing. Allow the law which you signed to fully go into effect.

We are pleased to have one of the fighters for this legislation with us, Mr. Lincoln Diaz-Balart of Florida, one of the prime authors of our bill, and Mr. Peter Deutsch, a tireless fighter for freedom in Cuba. Also testifying will be Mr. Michael Ranneberger, Coordinator for Cuban Affairs at the Department of State.

We will start off with Ileana Ros-Lehtinen, who has also worked very tirelessly on this legislation.

Representative Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. I thank you for calling this important hearing in which we will continue

our efforts to monitor the implementation of this very important bill, the Burton-Helms Law. Tough monitoring of the Administration's Cuba policy is always critical no matter what Administration it may be, Democrat or Republican, in order to make sure that every important provision of the laws that we pass is implemented to the "T" and not just a combination of words on a piece of paper.

Mr. Chairman, we all know that the shutdown of two unarmed Brothers to the Rescue civilian aircraft on a humanitarian mission over international waters last February 24 was a crucial event that finally inspired President Clinton to support this legislation. We congratulate him for his leadership on this effort. And it is new worrisome information that we have received in the past few days about the tragic events that have recently come to surface.

This past week, we learned that American government radar in Riverside, California, actually spotted the two Cuban MIG's pursuing three Brothers to the Rescue aircraft. And the citing of the MIG's identified by a U.S. Customs official led to the making of an emergency phone call to the Southeast Air Defense Sector Headquarters of the United States at Tyndall Air Force Base in Panama City, Florida.

The Customs official was told, "Yes, we know. We're taking care of it." But, unfortunately, nothing was done.

We also learned that the Cuban MIG's followed the third Brothers to the Rescue aircraft piloted by Jose Basulto, president of Brothers to the Rescue, to within 25 miles of U.S. shores, yet nothing was done.

We have written to Defense Secretary William Perry and to the Director of the CIA, John Deutsch, asking them to give us a detailed explanation of why Cuban fighter jets were identified by U.S. Government officials, yet the U.S. officials decided not to respond. Had we responded, four human lives could have been spared.

Congressman Dan Burton will hold a hearing in the coming weeks on this issue and Mr. Basulto will be sharing the evidence that was presented in his case with us. I think it is important that we look into why no action was undertaken to prevent this tragedy from occurring; a tragedy which the International Civil Aviation organization concluded was a horrible violation of international law by the Castro regime, one of the many in the tyrant's long and bloody history.

And my friend and colleague, Congressman Lincoln Diaz-Balart, has also been leading the charge to investigate the ties between Castro and the OAS General Secretary, Cesar Gaviria, that resulted in Castro giving safe haven to the terrorists who kidnapped Mr. Gaviria's brother, demonstrating once again that the island continues to be a paradise for criminals and the anti-democratic revolutionaries.

And we all join Congressman Diaz-Balart in a letter asking for a detailed explanation from Mr. Gaviria to investigate if there was any relationship between the OAS resolution condemning our legislation, Helms-Burton, and the release of the kidnapped gentleman. And I am sure that he will be talking to us about that. But, as of now, we do not have a response on our many petitions.

In addition to continuing to harbor terrorists, Castro continues with his goal of completing the Juragua nuclear plant in Cuba, for



which he has recruited his American sympathizers to distort the truth about the dangers of this station. Independently of the constant Machiavellian acts committed by the Castro tyrant, many of our allies continue almost obsessively to defend the dictator and their rights to exploit the American expropriated property and the Cuban labor force.

Canada and Mexico have recently made outrageous statements full of empty threats in an attempt to pressure and scare the Administration into waiving parts of the legislation which will deny Americans our day in court. We have even had a church group in Canada initiating a travel boycott to our home State—Mr. Deutsch, Mr. Diaz-Balart and my State of Florida—in protest of Helms-Burton. How ironic that church groups have decided to support an atheist tyranny which has persecuted religious leaders for decades, instead of standing in support of the oppressed Cuban people.

Our European allies, represented by members of that continent's Parliament, have been in Washington all week doing the same thing. A number of us—Congressman Burton, Mr. Menendez, Mr. Diaz-Balart and I—met with members of the European parliament today and we were very clear with them that their attacks on their sovereignty are bogus claims.

Helms-Burton does not prohibit them from investing in Cuba. It simply penalizes them for trafficking in U.S.-confiscated properties.

All nations have a right to protect their citizens' property and the United States is no exception. Thus, we will exercise that right. Many of our allies continue to enrich themselves by raping Cuba's national assets and exploiting the Cuban worker. Yet, time and time again, their silence over Castro's human rights abuse is deafening.

While the U.N. Human Rights Rapporteur for Cuba and other human rights organizations are denied entry to Cuba, which Congressman Menendez, once again, so eloquently pointed out in Geneva; Canadian, Mexican and European tourists roam freely in the island, enjoying amenities that the Cuban people can only dream of. These allies wish to continue to use illegally confiscated American property and build hotels, which the Cuban nationals are not allowed to enter, on beautiful Cuban beaches, which Cubans are not allowed to enjoy.

And even a person who does not normally agree with our philosophy, journalist and humorist P. J. O'Rourke, wrote recently on Castro's tourism in this recent edition of Rolling Stone, and I am going to read:

"If I were designing Communist systems (what a hobby)," he says, "I'd at least let people visit the hotel they all theoretically own in common. But ordinary Cubans can't enjoy the Nationale or its several acres of seaside gardens unless, of course, they are rest-room attendants, or gardeners, or so forth."

He also says, "I drove through Centra Habana. In 1991, Fidel Castro told Mexican journalist Beatriz Pages, 'The other Latin American countries have tens of millions of beggars. Cuba has none. In other Latin American countries, you see children cleaning car windshields, running among the cars to do that. No longer do we have that.'" And he says, "I stopped at a red light. Children ran among the cars cleaning windshields."

And he continues on—and I hope that all of you get it—it is in the recent issue—and what he continues saying—and I know that my time is up—he talks about the Cuban rationing system which he says is very simple, “They’re out of everything.”

It is time for our allies, Mr. Chairman, to know that the United States will no longer stand idly by while they traffic in American property and helping the Cuban tyrant. All they are doing is extending the suffering of people mentioned in Mr. O’Rourke’s article and the rest of the Cuban people.

I congratulate the Administration for yesterday’s valiant decision in denying entry to the United States, denying top executives of Sheritt Corporation in Canada unless they disinvest. And the Sheritt director, Ian Delaney, was quoted as saying, “Castro, the Cuban leader, is an amazing guy. Charismatic, charming, a terrific listener.” He certainly listens to the ring of the cash register of Sheritt and the other immoral investors.

I hope that this is only the first of many companies who deserve similar penalties and it signifies that the Administration will not buckle to the pressure of these foreign nations to weaken Helms-Burton by waiving Title III of the legislation. I look forward to hearing from our testimony today and hope that the Administration will make the morally correct, and the legally correct, decision in implementing fully, 100 percent, Helms-Burton.

Mr. BURTON. Thank you, Representative Ros-Lehtinen.

And now our good friend, Bob Menendez, who was very instrumental in getting our bill passed.

Mr. MENENDEZ. Thank you, Mr. Chairman.

I, too, want to commend you for holding this timely hearing. It is ironic that we are sitting in the Small Business room as it relates to some of the issues that are at hand.

This act passed the House and the Senate with strong bipartisan support. In the House, the Libertad Act received an overwhelming 336 votes and in the Senate, it received 74. I am confident that the Administration will continue to fully implement every aspect of the act. It has done so despite every major newspaper and media outlet railing against it. It has done so despite every foreign ally that we have railing against it. It has done so despite significant economic interests in this country railing against it. And, to its credit, the Administration has done the right thing to-date.

Yesterday, the Administration sent another message; that the United States will not tolerate those who continue to traffic in the illegally expropriated property or, as I prefer to say, stolen property of American citizens and businesses.

The Title IV determinations sent to nine Sheritt International officers, including the chairman and CEO, Ian Delaney, senior company officers and members of the Board of Directors will prohibit these individuals from entering the United States. Title IV offers companies a clear choice: observe U.S. law or have your rights to visit and conduct business in the United States revoked. Sheritt has made its choice.

There will be more companies like Sheritt and many with fewer financial resources. These companies will have to re-think their Cuban investment into the stolen property of American citizens and companies.

I think that the intent and extent of the Act has been largely exaggerated by our allies and in the press. I would like to clarify a few things, lest some people lose sight of the facts.

First, I would like to read the opening clause of the bill under Section III, entitled, Purposes. "to assist the Cuban people in regaining their freedom and prosperity, as well as in joining the community of democratic countries that are flourishing in the Western Hemisphere;"

Apparently, that is what all the clamor is about—freedom and prosperity for the Cuban people versus corporate profits.

Let's review the facts:

The property of American citizens and business was illegally confiscated between 1959 and 1960.

Fact: American citizens and businesses were never compensated by the Cuban regime for their losses.

Fact: Historically, Fidel Castro has only made changes in response to need.

Fact: Foreign investment has not facilitated a transition in Cuba and those who believe it will ignore the fact that it is the Cuban regime, not the Cuban people, which benefits from their investment. Foreign companies pay the wages of their Cuban workers to the Cuban regime in hard currency and, subsequently, workers are paid a fraction of those wages in worthless Cuban pesos. Foreign investment, in fact, exploits the labor of the Cuban people and supports a dictatorship that is the main obstacle to economic and political change.

In fact, according to a report of the American Institute for Free Labor Development, "The growing number of partnerships...has not improved the lot of workers or provided them with greater autonomy. Instead, the Cuban Government has used the exploitation of working people and the absence of freedom as a lure to attract foreign investors."

Fact: Title III does not prohibit investment by any nation in Cuba. It merely sanctions investment in the stolen property of American citizens and companies. Other than that, make all the investments you want. Have all the trade you want. Have all the relationships you want. We disagree with you, but we do not prohibit it under Title III. But invest in the stolen properties of U.S. citizens and companies and there is a consequence.

You make a business decision. There is risk in business decisions. You decide to take the risk. The risk is that, in fact, you will be barred from entering the United States. The risk is that you may be sued by that American citizen or company who had their properties illegally stolen in a U.S. District Court. To have your day in court is a fundamental right.

Fact: Title III provides a threshold for claims, \$50,000, and hence will not result in the predicted proliferation of lawsuits and, in fact, does not provide for the ability of any citizen or company to seek residential properties, therefore eliminating a vast class of potential lawsuits.

Fact: Title III in no way denies the future resolution of claims valued at less than \$50,000.

So there we have it. If you do not knowingly and intentionally invest in stolen property, you have no reason to be concerned about

the Libertad legislation, pure and simple. If our allies would focus the same amount of effort on providing assistance to Cuban dissidents and promoting democracy in Cuba, and if these same companies would insist on the basic human rights that we insist on here in the United States on democratic reforms, and on the free labor processes that we all cherish, as a contingency for their investment in Cuba, perhaps we would not be here today.

But each of us knows that human rights and democracy in Cuba are not the priority for many of our allies or their businesses. Despite their rhetoric about the effect of the U.S. embargo, they have done virtually nothing to support or encourage democratic change in Cuba. Only now, when their bottom line is threatened, do we see any response or action.

The assertion that the Libertad Act violates international law by creating a domestic remedy intended solely to protect the fundamental property rights of U.S. citizens, suggests that international law first protects the confiscation of property in violation of what was at the time Cuban law and international law. Second, it would protect those who traffic knowingly in confiscated property. And, third, it would forbid a country from extending its citizens a more effective domestic remedy for pressing legitimate claims. I cannot believe that that is the intent of international law. And the international comity that we have heard so many governments talk about, that say that the Libertad Act will breach, is of little use to U.S. citizens who have exhausted available remedies only to see others profit with impunity.

I remember going on a Canadian show not too long ago, Mr. Chairman, and having the anchorwoman say to me, "Well, you know, you're going to deny an 8- or 10-year-old from coming to the United States to visit Disney World. What would you say to that 8- or 10-year-old?" And my answer is very simple. I would say to that 8- or 10-year-old that he should look at his father, or whoever was the company executive, and say that, "You have one hell of a lesson that you should never use or receive stolen property." And that, in fact, is what the lesson should be.

International law recognizes the right to own property and affords no protection to uncompensated confiscations by a State, even against its own citizens. The fact that Castro has singled out people for their political beliefs in confiscating their property aggravates this offense under international law.

And let me just close by saying, Mr. Chairman, I was deeply disturbed by the recent remarks of the U.S. Chamber of Commerce and the National Association of Manufacturers on Title III and I hope that many of us, both Democrats and Republicans, who support the Libertad Act will use our close ties with these organizations to emphasize that they, in particular, ought to be standing up for U.S. companies, not abandoning them.

As we await the President's decision on Title III, I would like to remind the Administration and our colleagues and refer to the unambiguous congressional intent behind this law and to the Statement of Managers filed with the conference report on H.R. 927. It makes clear that the President has very little flexibility in making a decision on suspending Title III.



I quote: "The Conference Committee strongly believes that the question of whether suspension [of Title III] will expedite a transition to democracy in Cuba should be the central element of the President's decision whether to exercise a suspension authority..."

The formula included in the conference substitute requires the President to determine two separate and distinct matters before suspending the right of action. First, he must decide the suspension is 'necessary to the national interests of the United States', and, second, that suspension 'will expedite a transition to democracy in Cuba.'

In the judgment of the Conference Committee, under the current circumstances, the President could not, in good faith, determine that the suspension of the right of action is either 'necessary to the national interests' or 'will expedite a transition to democracy in Cuba.'

Mr. Chairman, I want to conclude by remarking on the deplorable editorial in yesterday's Washington Post entitled, "Cuba: The Poisonous Title III" that refers to U.S. citizens as "the Miami Cubans". I have never seen the Post refer to "New York Jews" or "the Boston Irish" or "the Chicago Polish" community. I have never seen them rail against any community when those communities legitimately raise their voices on questions of U.S. policy vis-a-vis other parts of the world—in seeking peace in Northern Ireland, in seeking peace in the Middle East, in seeking relationships with homelands that people who are Americans originally were from. I have never heard any other group categorized in that way. It seems to be reserved for the Cuban community. No, this second-class citizenship status is reserved in the Washington Post for the Miami Cubans.

Now, I am not a Miami Cuban. I am a New Jersey American of Cuban descent. But as an American of Cuban descent, not from Miami, I think the reference is reprehensible and despicable.

Finally, Title III is the portion of the Libertad Act which stands up for American citizens and businesses. It is a shame that we cannot count on the Washington Post, on the U.S. Chamber of Commerce, on the National Association of Manufacturers to do the same. The Post owes an apology to every American of Cuban descent.

Thank you for your indulgence, Mr. Chairman.

Mr. BURTON. Thank you, Representative Menendez.

We will now hear from our first panel and we will start with our good friend and a strong supporter and leader in the fight for the Cuban Libertad bill, Representative Lincoln Diaz-Balart.

#### STATEMENT OF HON. LINCOLN DIAZ-BALART, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DIAZ-BALART. Thank you, Mr. Chairman.

I was moved by your statement and of the other members of the subcommittee. I think that history will record your leadership as well as Congresswoman Ros-Lehtinen and Congressman Menendez as having been fundamental in the acceleration of the demise of the horror that the Cuban people have had to live with for 37 years.

Mr. Chairman, the moment of truth has arrived for President Clinton with regard to his response to Castro's threats and blackmail against the United States. Congressman Menendez pointed to the letter of the law, as well as the congressional intent in the manager's report. He read the language that, under current circumstances, the Congress of the United States believes that the President could not, in good faith, suspend Title III.

Since March 12, the day of promulgation of this law, how have current circumstances varied? What has changed? The expulsion from Cuba of independent journalists or their incarceration; the incarceration of not only dissident opposition members but simply people who seek to form independent organizations, such as the Professional Independent Physicians Organization—their leader is in a dungeon now waiting a date for trial; the retention in prisons for trumped up charges of the elected leaders of Concilio Cubano with Onel Monejon Elmagro and Lasaro Gonzales and others; the electroshock torture committed upon incarcerated members of the democratic opposition, including Lieutenant Colonel Henrique Lavrada who, since June 1995, has been incommunicado in an institution for mental patients known as Massora receiving electroshock torture; and a recent question posed to the dictator himself by a Colombian journalist with regard to how much longer he expects to be in power without consulting with the Cuban people, without permitting free and fair elections, and the dictator's response with regard to this was, "Ask St. Peter."

Those are the circumstances that have changed since the Congress said, in our legislative intent, clearly, that under current circumstances the President could not, in good faith, suspend Title III.

Now, the rest of the circumstances that have taken place—the events that have taken place since March 12—is the well-orchestrated campaign that Madam Chairman and other members have referred to from friends of Castro, whether they call themselves members of churches or unscrupulous capitalist interests, and their political allies, the campaign mounted by such interests, because of the profound nervousness of the regime, the campaign that has been mounted to force President Clinton to waive Title III.

Now, I hope that at this moment of truth, this decisive moment of the Clinton Presidency, this definitional moment of President Clinton's career and life, that he will take the right step and let Title III become law on August 1. I commit that with the same intensity that if he waives I will denounce his action next week upon hearing the decision; that I will take to the floor of the House and commend President Clinton for a courageous act if he does not succumb to the pressure of these interests that are working to continue the oppression of the Cuban people and if he lets Title III become law August 1 by the decision that he is about to announce in the next few days.

I commend the subcommittee for holding this hearing and, again, congratulate all of you for your leadership on the issue of the acceleration of the inevitable liberation of Cuba. Thank you very much.

Ms. ROS-LEHTINEN [Presiding]. Thank you so much, Mr. Diaz-Balart for your excellent presentation.

Congressman Diaz-Balart, as some of the audience may not know, is one of the prime authors of the important parts of the Helms-Burton legislation.

We thank you, as always, for being with us.

And now we are so pleased to have another one of our South Florida colleagues joining us today, Congressman Peter Deutsch, who was also instrumental, along with Congressman Menendez, in getting that bipartisan support that we all needed to pass Helms-Burton in that overwhelming way that we did. We thank Congressman Deutsch not only for his leadership here in Congress on the issues related to the freedom for Cuba's people but also for his many years of dedicated service in that cause when he was a member of the Florida legislature.

Welcome to our subcommittee, Congressman Deutsch.

Mr. DEUTSCH. Thank you, Madam Chairman.

Ms. ROS-LEHTINEN [continuing]. and we are pleased to hear your comments.

#### STATEMENT OF HON. PETER DEUTSCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DEUTSCH. As someone who was active in the debate and passage of the bill, when we are looking at this point in time at the actual implementation, we have seen it in effect already. We have seen an effect of companies that understand the legislation.

It is a clear, really direct piece of legislation in two ways. As Congressman Menendez really pointed out, we are presenting a choice to companies. We are presenting a choice to them that is very clear and very stark in terms of the legislation which never was complicated. The legislation really was very thoughtful and really very creative in terms of its drafting and what its intent and what its effect has already been and what it will be, hopefully, starting August 1, and that is that American citizens, who all of us are sworn to protect and defend them, our constituents, in terms of the activities that they had in Cuba prior to Castro gaining power, that that property would be protected. And if it is not, then sanctions that we can put on people who do that will be put into place—travel sanctions and then ultimately the sanctions in terms of Federal court.

The heart of the Helms-Burton legislation really is Title III, the expropriation provision. This provision allows U.S. citizens the opportunity to sue both individuals and corporations who traffic in confiscated—really stolen—Americans' property, property in Cuba. The President has, as has been pointed out, the authority to waive this provision, but only under very clear reason. One is the national interest and then the other is, really, helping the Cuban people to transition to democracy. And that really is the focus, I think, of what the testimony and the hearing is about today, both of those issues.

Fidel Castro will never change. We have seen that in 37 years. But we see it almost on a daily basis in terms of activity, in terms of specific actions that he has taken. He is a murderer and a despot. He still has today, as we speak, political prisoners, including women and children, languishing in jails. He still slaughters his own people as they attempt to flee political persecution.

Title III will force Castro from power and put an end to these acts of oppression and help in that struggle. It will strangle Castro by cutting off a large segment of foreign investment that is currently propping up his regime.

Madam Chairman, I feel it is imperative to the Cuban people that we fully implement Title III of the Helms-Burton bill.

There is another topic that you, Madam Chairman, mentioned that highlights Castro's blatant disregard for human welfare that I would like to discuss briefly today and that is the status of Cuba's nuclear power plant. As we know, this project can only be considered a nuclear disaster for all humanity that could potentially rival Chernobyl. The General Accounting Office has documented numerous allegations of problems and defects in the safety of these reactors. If there were nuclear disaster, the loss of life in South Florida would be catastrophic.

We must remain vigilant in guaranteeing these reactors never get completed. Fidel Castro's acts over the last several months only prove the urgent necessity for the full implementation of Title III and the need to strengthen our resolve against the dictator. The United States should fight to the end to free the noose that currently surrounds the Cuban people. There can be no compromise.

Castro is an absolute dictator who needs to be taken down absolutely. I think the testimony at this point really has been superb and thoughtful and excellent and I think the President will look at the law in this area and people are watching and understanding the standards that are in place. And it is a tough argument to make that those standards for his waiving have been met and I believe that he will act appropriately.

Ms. ROS-LEHTINEN. From your mouth to God's ears.

Thank you, Congressman Deutsch, and now we are very pleased to have with us Mr. Michael Ranneberger, the Coordinator for Cuban Affairs of the Department of State.

Welcome with us again, Michael.

Your statement will be entered into the record. Feel free to make any comments you would like to make.

#### **STATEMENT OF MICHAEL RANNEBERGER, COORDINATOR FOR CUBAN AFFAIRS, DEPARTMENT OF STATE**

Mr. RANNEBERGER. Thank you, Madam Chairwoman, for this opportunity to speak before your committee again about U.S. policy toward Cuba. I would like to keep my remarks fairly brief and submit a fuller statement for the record.

I am pleased to say that in the 4 months since President Clinton signed the Libertad Act into law, the Administration has moved expeditiously to implement its provisions. There is still more to do, but the act is already having a significant and profound impact in Cuba.

I would like to take a moment to discuss the recently concluded investigation of the International Civil Aviation Organization into the shutdown of the U.S.-registered civilian aircraft by the Cuban military in February. It was this outrageous act which prompted the Administration to work closely with Congress to finalize this legislation. The conclusions of the ICAO report clearly confirm the



U.S. position and explain the reasons for the outrage. Civilian aircraft were shot down in international waters.

The United States has pursued energetically strong resolutions against the Cuban Government condemning the shutdown of the aircraft in February. We will continue working hard to encourage a concerted international message to Castro on the need to implement a democratic transition and we are exploring with our allies what more we can do together to promote change on the island.

While the act augments our efforts to apply pressure on the Cuban Government for reform, it continues our efforts to reach out to the Cuban people. We remain fully committed to the President's initiatives of October 6, 1995, which were directed toward strengthening civil society on the island, and toward improving the flow of information through academic and educational exchanges.

In the wake of the shutdown, the President gave the State Department and other Federal agencies a clear mandate to implement the Libertad Act's various provisions as quickly and effectively as possible. These agencies have cooperated closely in carrying out this mandate with the Department of State coordinating the effort.

The Department of the Treasury's Office of Foreign Assets Control would be better able to discuss, on another occasion perhaps, the Administration's efforts to implement Sections 102 and 103 of the act, which call for improved enforcement of the economic embargo.

Let me discuss briefly the sections of the act, first dealing with relations between Cuba and the States of the former Soviet Union. The Department has provided a report mandated by the act on the withdrawal of Russian personnel from facilities in Cuba. We are monitoring the Russo-Cuba trade relationship to determine whether Russia is providing assistance to, or engaging in, non-market-based trade with Cuba. We are also investigating the possibility that Russia may be providing assistance or credits to support the Lourdes intelligence facility. We do not believe that there is any serious effort under way to complete the Jurugua nuclear power plant at this time, but we are monitoring the situation very closely.

We have submitted a report to Congress, as mandated by Section 108 of the act, on commerce with and assistance to Cuba from foreign countries, including Russia.

In addition to its call for U.S. support of democratic and human rights groups in Cuba, the Libertad Act also mandates, in Title II, the creation of a plan for assistance to transition and democratic Cuban governments. The Administration is hard at work on this plan and will be consulting with Congress in the coming weeks and months as it nears completion. We are also preparing the report on expropriation issues as called for in Section 207 of the act.

Titles III and IV of the Cuban Liberty and Democratic Solidarity Act are aimed at increasing economic pressure on the Cuban Government and discouraging third country involvement or trafficking in confiscated properties claimed by U.S. nationals on the island. Title III's private right of action will go into effect August 1 unless the President exercises the authority to suspend the effective date and notifies Congress by July 16. The President has made no decision yet about Title III, so I cannot comment further about it at

this time. The Department of Justice has already published, however, as required, the layman's summary of Title III's provisions.

I can tell you a good deal today, however, about Title IV. The Administration published guidelines concerning implementation of Title IV on June 17. In designing our procedures, we tried to balance the mandate of the act for broad and speedy implementation with the need to provide transparency and minimize frictions with key U.S. allies whose nationals are affected by Title IV.

Meanwhile, the Department, in coordination with all relevant U.S. Government agencies, has been gathering information about suspected cases of trafficking since the title entered into effect on March 12. On May 29, the State Department sent advisory letters to three prominent countries known to have been involved with confiscated U.S. properties prior to enactment of the act. In addition to notifying such companies about the act's provision, word of these letters has served notice to all investors in Cuba that the Administration is serious about implementing the act. As a result, I am pleased to say that a significant number of companies with possible involvement in confiscated U.S. properties have informed the State Department that they are disengaging from those investments.

The Cuban government will undoubtedly find it more difficult than ever to profit from expropriated U.S. sugar properties and properties in other key sectors in the wake of Title IV implementation.

The State Department has just made its first determinations of trafficking under Title IV and on July 10, sent letters to nine individuals who are senior officers and members of the board of directors of Sheritt International. Those individuals will be excluded from the United States 45 days from the date of those letters, should they seek entry at that time. We are continuing to investigate other cases with a view toward early action in cases, whether there is sufficient information to warrant a determination of trafficking in accordance with the law.

This has been an enormous project and one that has strained the Department's resources tremendously, but one which we are committed to continuing. I have briefed interested staff members from both committees about our progress on several occasions so far and look forward to doing so in the future. I think that, working together, we can achieve the goals of this bipartisan legislation and of the Administration's overall Cuba policy: a peaceful transition to democracy.

Thank you very much.

[The prepared statement of Mr. Ranneberger appears in the appendix.]

Ms. ROS-LEHTINEN. Thank you so much, Mr. Ranneberger. We want to thank you for your testimony again and I would like to ask a few questions and Mr. Menendez would as well, I am sure.

You say here, "I am pleased to say that in the 4 months since President Clinton signed the Libertad Act into law, the Administration has moved expeditiously to implement its provision." I think that that is absolutely correct. I do not think that there is anyone who can say that the Clinton administration or any of the agencies, any of the officials who have had anything to do with the imple-

mentation of the bill, have been dragging their feet or have not been fully committed to implementing the law. So we congratulate you. Please tell the officials in the Administration how pleased we are with their help, with their cooperation, and with informing of the public and the companies of what is in store for them—that the Helms-Burton is going to be a law that is going to be fully implemented. And I am sure that I speak for all of the sponsors, the co-sponsors of the bill. We thank you and the entire Clinton administration for your help in this legislation.

In today's Washington Post, there is an article—I do not know if you have had a chance to see it—it says, "U.S. officials say the Administration was considering a limited waiver that would blunt the effectiveness of the measure," referring to the title that we have been discussing, Title III.

Do you know the source of this report, or can you tell us if there is any truth to it? It does not cite a source.

Mr. RANNEBERGER. Madam Chairman, I, of course, cannot comment on the speculation of the Post and I do not know the source. It certainly was not my office. But I would say that, on Title III, simply that it is under review. The President has not made a decision. All concerned agencies are in consultation over this and I cannot comment further. It will be the President's prerogative in terms of the decision and I think we will just have to wait and see the decision.

Ms. ROS-LEHTINEN. Since the shutdown of the plane and since the President signed the Libertad Act into law in March, has there been anything in the interim that would justify the reward of a waiver of Title III? Has there been an improvement in Cuba of the human rights situation, any advancement toward democracy, any freeing of the liberties that have been denied to the Cuban people?

Mr. RANNEBERGER. Madam Chairman, let me comment on the status of the situation in Cuba but differentiate that from the considerations on the waiver at this time. I mean, they are being made and I do not want to prejudice that decision. But, certainly, the human rights situation in Cuba has not improved in recent months or since the implementation of the act. I think in my testimony, in fact, a couple of weeks ago, I commented extensively on the human rights situation and certainly the arrests have continued. The crackdown on the Concilio Cubano has continued. People remain in jail. Others have been moved into forced exile. So the situation is truly outrageous and certainly continues to be so.

Ms. ROS-LEHTINEN. However, even had they improved, we are all clear in that, as Congressman Menendez so eloquently pointed out, that the provisions of the law are clear. It is only under certain conditions that the title be waived.

Suppose that the European allies, some of whom we met with today, say that there is a wave of reform going on in Cuba. That has nothing to do with Title III and would justify whether that title gets waived or not by the President? Or would you consider any sort of those cosmetic reforms as a transition toward democracy?

Mr. RANNEBERGER. Again, Madam Congresswoman, we would not want to comment on the considerations for the waiver. But let me say that we certainly do not take any of the cosmetic economic reforms, or if there were to be a cosmetic improvement in the



human rights situation, as the beginning of the transition to democracy, no.

Ms. ROS-LEHTINEN. You had mentioned the foreign companies that you had sent letters to almost 2 months ago warning them that they might be subject to the provisions of the Libertad Act. How were those three foreign companies chosen? Are there other companies that are similarly in possible violation? Are there plans to send out more letters? Out of those three, why did you choose to send this last one to Sheritt? How many more letters might be sent out? Why haven't more letters already been sent out? And why is this part of the process taking so long?

There are a lot of questions that we have about which companies, why those letters, and why now only Sheritt.

Mr. RANNEBERGER. Yes, OK. Let me go into that in some detail then.

Obviously, we have a process which involves, potentially, a very large universe of claims and traffickers. A process like that has to begin somewhere. What we did was to look at the number of certified claimants where the documentation is very, very precise with the Foreign Claims Settlement Commission and to focus in on some of the most prominent cases involving certified claimants. Given manpower restraints, we chose, actually, a far greater number to work on and then we developed what we thought were several of the best cases.

Ms. ROS-LEHTINEN. The other two were Domos and Stet?

Mr. RANNEBERGER. Yes, that is correct.

And to develop those cases first.

Now, we have been in the information-gathering mode and using all available information. I want to stress that that includes all information, both classified and unclassified public sources. It is an ongoing process. We finally reached critical mass on the information on Sheritt where we could make a very strong case that acts of trafficking had taken place after March 12, which is required, as you know, by the statute and therefore we were able to issue the determination letters in that case.

The other cases are still ongoing and I want to assure you that there will be additional determination letters. I cannot tell you exactly when they will be sent out because we are still developing the information.

At the same time, this is an ongoing implementation process. I have additional personnel to do this and, as we develop the information, as we make cases, we will be sending out, I think, additional advisory letters or warning letters, if you will.

Ms. ROS-LEHTINEN. Warning letters would be like the three that were sent to those companies.

Mr. RANNEBERGER. Correct.

Ms. ROS-LEHTINEN. Those three company letters.

Mr. RANNEBERGER. That is correct. And I would expect—

Ms. ROS-LEHTINEN. That is what you call the warning letter.

Mr. RANNEBERGER. The warning letters.

Ms. ROS-LEHTINEN. And then the second one that Sheritt gets, what do you call that?

Mr. RANNEBERGER. A determination letter.

Ms. ROS-LEHTINEN. Determination.

Mr. RANNEBERGER. In the sense that they have actually been determined——

Ms. ROS-LEHTINEN. So you are going to send more of——

Mr. RANNEBERGER. More of both. More advisory letters to companies that fall under suspicion——

Ms. ROS-LEHTINEN. Is there an amount of time between the advisory and the determination letter?

Mr. RANNEBERGER. There is no specific amount of time. Basically, we sent out the advisory letters as soon as we thought we had a credible mass of information to act on. And then, as we finalized that information and developed a very strong case, we sent out the determination letters. I mean, I think it could be, in some cases, weeks; in some cases, it could be a longer period.

Ms. ROS-LEHTINEN. So there will be a dual track. It is not one. They will be going at the same time. Some companies will get one and then the ones that get that advisory might get the determination. You will not be stopping.

Mr. RANNEBERGER. That is correct. In other words, we will be developing multiple cases. So there will be a number of cases in progress at any one time and then, as a case comes to closure, we will issue the letters.

Ms. ROS-LEHTINEN. Thank you again and we thank you for your great cooperation in this.

Thank you.

Mr. RANNEBERGER. Thank you.

Mr. BURTON [Presiding]. Congressman Menendez.

Mr. MENENDEZ. Thank you, Mr. Chairman.

I, too, want to join my colleague from Florida in commending you and the other people at the State Department who have worked hand-in-hand with us and the Administration in enforcing the provisions of the Helms-Burton/Burton-Helms legislation. I want to get more time here for questioning, so it is Burton-Helms as far as I am concerned. You have done an excellent job and we expect that you will continue to do so. And I know in this business it is more likely to hear the negative than the positive, so I want to start off by dwelling on that. We appreciate the efforts you are making and we expect it from you, but we also see where you are headed and we think it is the right way. So let me start off with that.

And, having said that, let me now ask you a series of questions which, as I always say, I wish they sent other people than you, Mike, because you seem to get the brunt of this. We need some other people here to focus the whole issue throughout the State Department. But since you are here, I know you have to do the job on behalf of the Department.

Forgetting about what the Post says about this or who the speculative source is, do you see anything in the legislation that provides for a limited waiver? I do not. Do you?

Mr. RANNEBERGER. Congressman, I want to be as forthcoming as I can in my answers, but I have to be very honest with you. Obviously, this is under review by all elements of the Department, all the different agencies. That obviously involves legal interpretations. We are certainly aware of the manager's report, the conference language, the whole legislative history and all that. I am

sure it will be taken into account as any decision is made. But, beyond that—

Mr. MENENDEZ. Well, I am not asking you to tell me whether the President is going to waive or not waive Title III. I am asking, let's look at the law of the land and let's have a discussion on the law. I do not know if there is someone with you from the legal department who could discuss it.

But I have read Title III. I do not want to say that I have read it as an attorney because I do not get paid here for that purpose, but the training does not leave you. I do not see limited waivers.

Is there anything that you can point out to me in the language—forgetting about whether the President uses it or not—that permits a limited waiver?

Mr. RANNEBERGER. Congressman, again, I do not, unfortunately, have someone from the legal staff here and I do not really feel competent to address the legal interpretation of the Act. Again, I think that was a speculative report in the Post. I mean, I certainly would not want to—

Mr. MENENDEZ. Well, then I would ask you to get us an answer from the legal department whether they see any provisions of the act that permit a limited waiver.

[The answer follows:]

As you know, section 306(c) of the Act provides the President with the authority to "suspend the right to bring an action" under Title III. On July 16, he exercised this authority and suspended the bringing of all lawsuits for 6 months. The Act would also authorize the President to suspend a subset of all lawsuits if he determines and reports to the Congress that such suspension "is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba." While we cannot speculate on what the President might do in the future when the present 6-month suspension expires, we believe he would have the authority to continue to suspend the right to bring lawsuits on a partial basis.

Second, have you had discussions with USTR in terms of the defensibility of Title III under GATT and the NAFTA; and, if so, does the USTR believe that, in fact, we can successfully defend against any such action should any country decide to pursue us in either forum?

Mr. RANNEBERGER. Congressman, yes, we have had discussions with USTR and Treasury and other concerned agencies about that. We did, in fact, when the NAFTA consultations were held—there have been two rounds of NAFTA consultations now—both Titles III and IV were discussed and we made a very strong defense of both because, obviously, we cannot prejudge whether there is going to be a suspension or not of Title III. So we made a defense of both, although at that time, of course, the Mexicans and Canadians mainly focused on Title IV because that was their immediate concern.

We feel we have a strong defense on both titles and we will make those in the sense that, clearly, neither title is a secondary boycott, which is what a lot of the allies and NAFTA partners were alleging. We certainly are in full agreement with you. It focuses on protecting the interests of U.S. citizens and their property. Period.

Mr. MENENDEZ. So USTR believes we can prevail.

Mr. RANNEBERGER. Oh, we believe we can prevail. Absolutely.

Mr. MENENDEZ. Which is what they have told me. I just wanted to get it on for the record.

Mr. RANNEBERGER. Yes.

Mr. MENENDEZ. So the U.S. Trade Representative says that in reviewing both NAFTA and GATT and this provision of the law, that in fact we can prevail. And, in fact, they have told me that not only do they believe that they can prevail but that, in fact, when countries get down to the final moment of looking at whether or not they should pursue this, they might very well, for many other reasons, decide not to pursue it.

Mr. RANNEBERGER. Congressman, I just want to clarify. Obviously, it is difficult for me. I cannot speak definitively for USTR. But I can say, in our discussions with them, we certainly made a vigorous defense of it and we also made a vigorous defense with the allies when we went over for the consultations with them on WTO and that was a joint effort with USTR and the Department and we made a strong defense.

Mr. MENENDEZ. I think it may be appropriate at some time, Mr. Chairman, to have the USTR here to answer those questions.

Let me ask you questions on the following, and I will limit myself here. Do you see the downing of the planes of Brothers to the Rescue as an aggravating or mitigating factor since the passage of the bill?

Mr. RANNEBERGER. Well, I see it as a contributing factor, if you will, in the passage of the bill. I mean, it was certainly the shutdown that prompted the Administration, I think, to join with the Congress in trying to achieve the bipartisan legislation.

Mr. MENENDEZ. So in terms of the context of what we say is the basis under which the President has the opportunity to waive, which is national interest and also creating the opportunity for a transition to democracy in Cuba, would we agree that it is an aggravating, not a mitigating, factor?

Mr. RANNEBERGER. Well, Congressman, the shutdown was certainly an aggravating factor in that it contributed to joining with you in trying to achieve the bill and it certainly does not indicate anything positive about the Castro regime.

Mr. MENENDEZ. Do you consider the continuing arrests of dissidents of Concilio Cubano an aggravating or mitigating factor?

Mr. RANNEBERGER. Well, certainly an aggravating factor.

Mr. MENENDEZ. Do you consider the oppression of independent journalists an aggravating or mitigating factor?

Mr. RANNEBERGER. Well, Congressman, to just comment broadly, there is certainly no question that the situation on the ground has not improved with respect to human rights or democratic transition.

Mr. MENENDEZ. Well, what I am trying to elicit from you, and I appreciate your more general statement, is these are all issues, some that happened pre, some that have happened post and some that continue to happen. In determining what is the national interest and in determining what expedites a transition to democracy in Cuba, which are the only two standards that the bill really has, I think it is important to understand what are aggravating and mitigating factors and, so far, I have yet to see a mitigating factor and I have seen a series of aggravating factors.

My time is up but I have other questions if I may have a second round, Mr. Chairman.



Mr. BURTON. I would be happy to yield part of my time to Ileana Ros-Lehtinen. I am only going to ask one or two questions.

The buck stops at the President's desk, of course. But the State Department will be advising the President on all aspects of the bill, as well as making recommendations.

Can you tell us today if you or other members of the State Department, including Secretary of State Warren Christopher, are going to make any kind of a recommendation to the President; and, if so, what kind of recommendation will you be making?

Mr. RANNEBERGER. Mr. Chairman, I can say that no recommendations have been made. I think, in the normal process of an inter-agency consideration, there would be recommendations at some point. But none have been made and I am not aware, definitively, that any will be. But I think it is logical to assume that some might be at some point.

Mr. BURTON. Have you discussed this at any length with your superiors at the State Department, like Secretary Christopher?

Mr. RANNEBERGER. No, I have not. I mean, our office is certainly involved in presenting the facts of the situation and implementation of the bill. But, no, not direct discussion.

Mr. BURTON. Who will be talking to the President about Title III between now and next week?

Mr. RANNEBERGER. Mr. Chairman, I would certainly think that that will be the highest levels of our building and in other concerned agencies.

Mr. BURTON. So it will probably be Secretary Christopher?

Mr. RANNEBERGER. Or other senior officials of the Department.

Mr. BURTON. OK. Will you be speaking with them in the next few days about this provision?

Mr. RANNEBERGER. I think the role of our office, Mr. Chairman, would be to provide, if you will, factual background, factual information, on how we have implemented the bill and what the various provisions are.

Mr. BURTON. Rather than making any recommendation?

Mr. RANNEBERGER. Well, we will be providing grist for possible recommendations. But I think that that will fall to higher levels.

Mr. BURTON. You are losing me there. You are providing grist?

Mr. RANNEBERGER. Well, I think that we—

Mr. BURTON. What kind of recommendation are you going to make to your superiors regarding this bill, and to the President ultimately?

Mr. RANNEBERGER. No. Congressman, I want to be very clear about that. We are certainly providing updates on how we are implementing the bill, the status of Title IV and what we have done, what the provisions and what the legislative history is and such of Title III. But I think that, in all seriousness, the recommendations will certainly be made at higher levels and, frankly, that is really all I can say about the deliberative internal process at this time.

Mr. BURTON. You are very adept.

You may have the rest of my time.

Mr. MENENDEZ. Thank you.

Let me ask you a question. The President signed this bill because I believe that he believes that it was the appropriate response not only to the incident but ultimately in pursuance of a policy that,



for the most part, this Administration has pursued from the beginning of its term. Can you describe to me, if that is the view when one signs a bill and makes it law, how in fact one could argue that the waiver of Title III would expedite a transition to democracy in Cuba?

Mr. RANNEBERGER. Well, Congressman, there are the two different factors: that it be in the national interest and expedite transition to democracy. We are very much aware that both are important and you have pointed out, I think, that the legislative—

Mr. MENENDEZ. And both must be present. It cannot be one or the other.

Mr. RANNEBERGER. That is correct.

Mr. MENENDEZ. It must be both.

Mr. RANNEBERGER. We are certainly—

Mr. MENENDEZ. So would you tell me how waiving Title III can be argued to expedite a transition to democracy in Cuba?

Mr. RANNEBERGER. Congressman, I cannot discuss that at this time. Again, I do not want to prejudice the nature of any internal deliberations and the decision that will be made and it is—

Mr. MENENDEZ. I hate to press you, but I understand that you cannot tell me what you have—I do not understand why, but let's say that you cannot—I am not asking you what you have told him. I am simply asking you, here is the law. It is the law of the land. Here is a provision of the law. Could you make a case for me, as the head of the Cuba desk, where waiving Title III expedites a transition to democracy in Cuba?

Mr. RANNEBERGER. Congressman, I would like to be as forthcoming as I can in answering your questions, but I cannot comment, again, on our internal deliberations, I mean even hypothetically.

Mr. MENENDEZ. I am not asking about your internal deliberations. I do not even want to know your internal deliberations. It is too late. I want to know—give me the scenario, whether it is one you developed inside or not—I will not know whether it is your answer to my question or the scenario inside the State Department, or what. How does one reconcile waiving Title III, if the Cuban Democracy Act which preceded the Burton-Helms legislation and if this legislation signed by the President says that creating economic duress on the regime is a way to seek democracy and human rights within Cuba, those are the premises of both of those pieces of legislation—one which was supported by the President as a candidate, one that has been signed as the President of the United States—those two visions of that legislation, now law of the land. How can you reconcile that decision by saying that you expedite a transition to democracy in Cuba by waiving one of the actual forms of creating that economic duress on the regime?

Mr. RANNEBERGER. Well, I think that is exactly the issue that is being weighed. In other words, how does one, or does one or does one not, reconcile those. I mean, clearly, the purpose of the act is to promote a peaceful transition to democracy using economic pressure as one part of that, in addition to the separate goal, or related goal, of protecting the interests of American citizens who have had property confiscated. And that is our overall objective. So what we will be weighing as we make a decision on the waiver is the role of Title III and the role of our policy in trying to promote a peaceful

democratic transition and, certainly, that is the language of the statute and that is the language we will be looking at.

Mr. MENENDEZ. Again, my time is gone and I still have one or two more questions. But let me just say that it seems to me inconsistent with U.S. policy to waive Title III and to be able to argue that a waiver of Title III will, in essence, expedite a transition to democracy. It flies in the face of everything else that the U.S. foreign policy vis-a-vis Cuba has stated by law, by the acts of Congress signed by two separate Presidents.

I think that the waiver of Title III becomes a renunciation of U.S. policy, which supposedly has been supported by multiple Presidents. But I have one or two other questions.

Mr. BURTON. Representative Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman.

I feel rather confident that the President will not waive Title III on this coming week because the law is so clear that it would be such a stretch for the President. We understand he has the authority to delay the effective date on a 6-month basis, if he determines that such a delay is, "necessary to the national interests of the United States and will expedite a transition to democracy in Cuba." And I do not think that, as creative as all of our American Presidents can be on a bipartisan basis, I do not think that anyone can say, by any stretch, that waiving the right to sue and establishing there a great economic gift to our allies who are helping to prop the dictator in power is in any way related to our national interests and will in any way expedite the transition to democracy. So I feel confident that the President will do the right thing—will not waive Title III because the law is very specific. We wrote it that way. And I am sure that we will be pleased with the decision. And if you could convey our great confidence to the President on our behalf.

I wanted to just discuss, for the minutes that I have, our allies, their reaction—we have already touched on it—to Helms-Burton. The measures that they will be taking in retaliation to Helms-Burton.

As I mentioned in my opening statement, a few of us met with members of the European Parliament. They issued this press release which said that they would be seeking tough retaliation against U.S. measures, targeting European companies involved in trade with Cuba. This is their own press release.

Alan Donnelly, heading the European Parliament's delegation, described the Helms-Burton Act as unacceptable. "The sanctions legislation now in force," I am quoting him, "is extraterritorial in nature and is a clear violation of international law," he said. He continues to say, "The European Union, along with Canada and other countries, cannot accept that the U.S. laws would penalize European companies going about their lawful business in Cuba or anywhere else in the world," Donnelly added.

We have been hearing a lot about the plans to counter Helms-Burton. What is the State Department doing as you met with European Parliament, talking with our other allies about the legality of their laws, their counterlaws? And, as we said to them, if they want to pass laws exactly like Helms-Burton, we congratulate them and we support them. As far as I know, we do not have any Americans that are dealing with illegally confiscated Canadian property

or illegally confiscated property anywhere in the world. And if they are, they should certainly be punished. So if they want to pass Helms-Burton, we congratulate them and we will tell them exactly how to go about doing it.

Their measures, however, have nothing to do with Helms-Burton and they are punitive in nature. Can you explain what the State Department is doing to talk to these allies to explain the differences between the laws that they are passing? And do you think that these are extortion techniques used by our allies in order to pressure the Administration to use the waiver authority granted under Helms-Burton? Do you think the allies will go through with their threat, or is it just temporary until the waiver is or is not put in effect?

Mr. RANNEBERGER. We have vigorously and, I think, very forthrightly defended the legality of the legislation—Titles III and IV and the rest of it—with our European allies and others. We have had extensive discussions in Europe. We sent a working-level team to Europe to brief the allies on the legislation to try to minimize their rejection of it, to explain the provisions. We have sent many cables to our embassies abroad explaining the law, instructing them to call on their European colleagues and explain the law. We have presented our legal arguments—

Ms. ROS-LEHTINEN. You said that you have explained. Is there anything written that we have sent to governments; and, if so, could you provide the committee with any of the written letters, communication, memos, any guidelines that you have passed on to our allies?

Mr. RANNEBERGER. We can do that and I will entertain that document request, certainly. We have had cables and we have had some other papers that we have provided to explain it and to defend it, I would say—not just to explain it. And we have made a vigorous defense.

We had consultations on the Europeans' objections over certain WTO provisions. We have had these consultations on NAFTA and we will continue to vigorously defend it.

Now, having said all of that, I want to stress that the European Union has been quite forthright in sending a very strong message to Castro on the need for fundamental—and they have stressed fundamental—economic and political reform and they have spelled that out in some detail—like complete revamping of the penal code, release of political prisoners, and similar steps, which still would not be enough but it would certainly be something in the right direction.

And while we have our honest differences with the Europeans, and they are profound, over the Helms-Burton legislation, we want to continue to work with the European allies in particular to try to send this concerted message to the Cubans on the need for fundamental change and democratic transition.

Now, you have raised the issue of the retaliatory steps and the threats that have been made. I will say that my view, and I would say the U.S. Government's assessment, of the Europeans' reaction is that they are profoundly disturbed by the legislation, despite all of the efforts we have made, and I think they are serious about this retaliatory legislation. I think they have held off, in part, to see



how we were going to implement Title IV and, in part, to see what we do on Title III. And I think the reaction would be mixed. I think some governments would go ahead and pass blocking or claw-back legislation, like the Canadians have done, and I think they might try to introduce a case in the WTO. Obviously, we cannot know for sure. But I think there is a seriousness behind some of the threats.

Despite that, we have given no ground on this and we have been very, very strong in defense of it, explaining that it is not extraterritorial. It is directly related to the interests of U.S. citizens. Period. Not a secondary boycott. And I noted that the British minister, Malcolm Rifkin, had written an article in the Washington Post which was fundamentally wrong because he compared the legislation to the Arab boycott against Israel which, of course, it is not a secondary boycott.

Ms. ROS-LEHTINEN. You had said you were going to entertain the question about—

Mr. RANNEBERGER. We will. I will do that.

Ms. ROS-LEHTINEN. Does "entertain the question" mean you are going to get it to us or—

Mr. RANNEBERGER. I think there is a formal process to have a document request.

Ms. ROS-LEHTINEN. OK. We will do it.

Mr. RANNEBERGER. We will certainly get those to you.

Ms. ROS-LEHTINEN. Thank you, Mike.

Mr. RANNEBERGER. We will get those to you.

Mr. BURTON. We are going to have a series of votes, so I am going to let Representatives Menendez and Ros-Lehtinen conclude their questioning and then we will excuse the panel and adjourn the meeting.

Mr. MENENDEZ. I will try to be brief.

Mr. Ranneberger, let me ask you the following. I understand you have sent letters to Stet Grupo Domos of advisory letters or whatever their proper terminology. Advisory letters?

Mr. RANNEBERGER. Right.

Mr. MENENDEZ. Do you foresee, short of divestiture, anything that would not lead companies to a determination letter that would say that you are equally barred from entering the United States?

Mr. RANNEBERGER. The only thing that can be done to avoid the determination letter is, as you say, divestiture—pulling out.

Mr. MENENDEZ. So there is nothing short of divestiture that will stop a determination letter to companies. Or their statement that, "We will divest," within a certain time period.

Mr. RANNEBERGER. Right.

The only thing I need to add there though—of course, we have to have developed the basis of information to go ahead with the determination.

Mr. MENENDEZ. I understand.

Mr. RANNEBERGER. In other words, we do have to demonstrate, assuming—

Mr. MENENDEZ. But to the extent that you have already sent an advisory letter, you must have developed a significant part of that basis.

Mr. RANNEBERGER. We have developed a very significant part of it and we expect to be moving ahead.

Mr. MENENDEZ. And short of divestiture, then, in fact, they are likely to be getting a letter that would say that there is a determination.

Last, Cuba is still on the list of terrorist States?

Mr. RANNEBERGER. Yes, it is, Congressman.

Mr. MENENDEZ. Aren't recent events, having terrorists negotiating with Castro to have the brother of the OAS Secretary-General freed from his kidnapped status of further concern us? Is this not another example of his complicity with terrorists within the hemisphere?

I mean, he had the relationship. He made the negotiations. He accepted them into his country. Is that not a concern to us in terms of terrorism? I am not talking about the OAS secretary. I am talking about terrorism.

Mr. RANNEBERGER. Certainly, Castro's role in this is of concern and we watch his association with terrorists very closely. He did accept, apparently, according to the reports, I do not know, eight or nine—I do not recall the exact number—of these kidnappers into Cuba and we consider them—I mean, any kidnapper, I think—I do not know what the technical definition is, but they are essentially terrorists.

Mr. MENENDEZ. That is where we normally talk about rogue nations, correct?

Mr. RANNEBERGER. Sir?

Mr. MENENDEZ. That is what we normally describe as part of the characteristics of a rogue nation.

Mr. RANNEBERGER. Well, that is correct.

Mr. MENENDEZ. Yes.

Mr. RANNEBERGER [continuing]. absolutely.

Mr. MENENDEZ. Let me, finally, in that vein, say, is there not a provision of both the NAFTA and in the WTO that provides for a national security exemption for countries in the context of defending their rights?

Mr. RANNEBERGER. That is correct, Congressman, and that is certainly one of the possible defenses under both NAFTA and the WTO. But we have a range of defenses and I think that would—

Mr. MENENDEZ. All right. That is not the only defense.

Mr. RANNEBERGER. Right, correct.

Mr. MENENDEZ. That is clearly a defense that is well-placed.

Mr. RANNEBERGER. Correct.

Mr. MENENDEZ. Thank you, Mr. Chairman.

Thank you, Mr. Ranneberger.

We want to thank you and the other witnesses very much for your testimony. I hope that you will convey to the President very clearly that the vast majority of the Members of both the House and the Senate feel very strongly that Title III should be implemented and we urge him to do the right thing and to let it go forward.

Mr. RANNEBERGER. I will certainly do that. Thank you very much.

Mr. BURTON. Thank you very much. This meeting stands adjourned.

[Whereupon, at 2:50 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]



# A P P E N D I X

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Statement of Congressman Benjamin A. Gilman  
Chairman, Committee on International Relations  
Hearing of Subcommittee on the Western Hemisphere  
July 11, 1996

Thank you, Mr. Chairman, for conducting this important hearing.

The Libertad Act, approved last March, already has begun to chill investment in Cuba, because foreign companies can no longer freely exploit property confiscated by the Castro regime from U.S. citizens. This new law undermines Fidel Castro's desperate scheme to raise hard currency by selling off stolen property to unscrupulous companies.

Within a week, the President must decide whether or not to allow Americans the right to sue companies that are exploiting their stolen property in Cuba, as provided under Title III of the *Libertad* Act. I am greatly concerned by published reports just today that the President is considering denying the right of Americans to sue companies that are profiting from stolen U.S. property.

In my view -- just five short months after the President signed this important legislation - it is inconceivable that he would reverse his position and gut this bill. In fact, based on a faithful reading of the unambiguous Congressional intent behind this law, the President has very little flexibility in making a decision on suspending Title III.

I refer my colleagues to the Statement of Managers filed with the Conference report on H.R. 927. I quote:

"The Conference Committee strongly believes that the question of whether suspension [of Title III] will expedite a transition to democracy in Cuba should be the central element of the President's decision whether to exercise the suspension authority...

"The formula included in the conference substitute requires the President to determine two separate and distinct matters before suspending the right of action: First, he must decide that suspension 'is necessary to the national interests of the United States,' and second, that suspension 'will expedite a transition to democracy in Cuba.'

"In the judgment of the conference committee, under current circumstances the President could not in good faith determine that the suspension of the right of action is either 'necessary to the national interests' or 'will expedite a transition to democracy in Cuba.'

"The conference committee believes that it is demonstrably not the case that suspending the right of action will expedite a transition to democracy in Cuba, inasmuch as suspension would remove a significant deterrent to foreign investment in Cuba, thereby helping prolong Castro's grip on power."

[END QUOTE]

Mr. Chairman, I quoted at length from the Statement of Managers because "legislative intent" carries indisputable weight in interpreting any U.S. law. In the case of Title III, it is clear that Congress strictly and intentionally limited the President's discretion.

The President's representatives negotiated with us on the two conditions for justifying a suspension of Title III -- and he signed this legislation knowing the threshold that must be met. We expect that the President will now respect the letter and the spirit of this law, which he supported and signed just four months ago.

Mr. Chairman, today, the Castro regime and unscrupulous foreign companies today are conspiring to continue to exploit confiscated U.S. property, which helps fund the repression of the Cuban people. That simple fact makes a suspension of Title III unthinkable, under the very narrow conditions provided under the Act. The law of the land is clear: This is not even "a close call".

Mr. Chairman. I ask unanimous consent to include in the record a chronology of events in Cuba since passage of the Libertad Act.

I believe that this empirical data will prove the point that very little has changed that would justify a "back-flip" by President Clinton on this historic legislation.

Thank you. Mr. Chairman.



Statement of  
Michael Ranneberger  
Coordinator for Cuban Affairs, Department of State  
To  
The House International Relations Committee

July 11, 1996

Mr. Chairman, good afternoon and thank you for the opportunity to speak to your committee today concerning the Administration's efforts to implement the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act. I would like to keep my remarks brief and submit a more comprehensive statement for the record.

I am pleased to say that in the four months since President Clinton signed the Libertad Act into law, the Administration has moved expeditiously to implement its provisions. There is still more to do, but the Act is already having a significant impact in Cuba. While I do not have enough time today to go into detail on all our implementation efforts, I will try to give you a sense for how the process is working.

Before I do, I would like to take a moment to discuss the recently concluded investigation of the International Civil Aviation Organization into the shutdown of two U.S.-registered Cessna aircraft by the Cuban military in February. It was this outrageous act which prompted that Administration to work closely with Congress to finalize this legislation. The conclusions of the ICAO report clearly confirm the U.S. position and explain the reasons for U.S. outrage: the Cuban military aircraft clearly identified the two Cessnas as civil aircraft before being authorized by ground control to destroy them; the Cessnas posed no threat to Cuba; the Cessnas were in international airspace when they were downed; and Cuba did not follow international norms and standards, or even its own published regulations, for interception of aircraft. It is clear that strong action was called for in response to this unlawful and reprehensible act.

The U.S. has pursued energetically strong resolutions against the Cuban Government condemning the shutdown of U.S. aircraft in February. In spite of the considerable (and unwarranted) sympathy that Cuba enjoys among some member states, we were able to gain Security Council approval for a statement censuring Cuba's callous and unjustified strike against the civilian aircraft. We have also continued to receive support for the UN Human Rights Commission's resolution on the human rights situation on the island. These resolutions increase pressure on the regime for reform and deny it the international legitimacy it so desperately seeks.

I am sorry to report, however, that we have found less support, not more, for a multilateral trade embargo against Cuba. The Libertad Act has undoubtedly increased economic pressure on the Cuban Government, but it has also increased divisions with our allies over how best to promote democratic change. We continue to share the common goal of a peaceful transition in Cuba, but despite repeated efforts we have not been able to persuade our friends in Europe and Latin America that economic isolation of the regime is the best strategy to reach our goal. The European Union is sending a strong message to the Cuban Government that fundamental economic and political reform is essential before an agreement on economic development can be negotiated. In fact, despite disagreements on tactics, most of the world community is making clear to Castro that the time has come for change. We will continue working hard to encourage this concerted international message and are exploring with allies what more we could do together to promote change on the island.

While the Act augments our efforts to apply pressure on the Cuban Government for reform, it continues our efforts to reach out to the Cuban people. Since the enactment of the Cuban Democracy Act in 1992, the U.S. Government has licensed over \$125 million in private humanitarian aid to Cuba, mostly food and medicine from groups in the U.S. distributed through churches and non-governmental organizations on the island. The telecommunications agreements we licensed have dramatically improved communications between the U.S. and Cuba, including telephone, e-mail, and fax connections. This increased flow of information has strengthened ties between Americans and Cubans, strengthened non-governmental institutions that deliver aid and helped to break the Castro regime's monopoly on information.

We remain fully committed to the President's initiatives of October 6, 1995, which were directed toward strengthening civil society on the island, and toward improving the flow of information through academic and educational exchanges. We are as convinced as ever that vibrant, independent non-governmental organizations will be necessary to the building of civil society in Cuba.

We are licensing the sale and donation of communications equipment such as faxes, copiers, computers, etc. to NGOs. We remain committed to licensing academic and cultural exchanges in such diverse fields as the environment, sports and the lively arts. These programs will increase the Cuban people's exposure to American ideas and ideals in a focused way that will not provide an unwarranted hard currency windfall for the Cuban Government. We continue to license promising proposals from diverse U.S. organizations eager to share their energy and

creativity with the Cuban people. The Cuban Government, meanwhile, has increased its efforts to prevent Cubans from being exposed to fresh ideas from the outside. We will persevere, however, in our moral and political support for the Cuban people.

In the wake of the shutdown, the President gave the State Department and other federal agencies a mandate to implement the Libertad Act's varied provisions as quickly and effectively as possible. These agencies have cooperated closely in carrying out this mandate, with the Department of State coordinating the effort. As you know, the Act's four Titles call for a number of actions; I will go through the provisions of the Act quickly and discuss what we have done so far.

The Department of the Treasury's Office of Foreign Assets Control would be better able to discuss on another occasion the Administration's efforts to implement sections 102 and 103 of the Act, which call for improved enforcement of the comprehensive economic embargo. I would also leave to my colleagues in USIA to discuss at an appropriate time progress toward conversion of TV Marti to UHF. I believe that USIA has already submitted a report on that subject to the Congress.

Let me discuss briefly the sections of the Act dealing with relations between Cuba and states of the former Soviet Union. First let me say that we can all be heartened at the outcome of the recent elections in Russia. President Yeltsin's re-election should ensure that the trend of the last few years toward a far more limited, market-based relationship with Cuba will continue. All Russian combat troops have been withdrawn from Cuba. Massive trade subsidies have been discontinued and the bilateral economic relationship has dwindled. The Department has provided a report mandated by the Act on the withdrawal of Russian personnel from facilities in Cuba. We are monitoring the Russo-Cuban trade relationship to determine whether Russia is providing assistance to or engaging in non-market based trade with Cuba. We are also investigating the possibility that Russia may be providing assistance or credits to support the Lourdes intelligence facility. We do not believe that there are any serious efforts underway to complete the Jurugua nuclear power plant at this time, but continue to carefully monitor the situation.

We have submitted a report to Congress as mandated by Section 108 of the Act on commerce with, and assistance to, Cuba from other foreign countries. Much of this information was difficult to obtain, but the Administration drew from all available sources to put together the most complete report possible. I know that some here in Congress were disappointed that the report could not be made public, but in order to

present a full picture of Cuba's economic relations with other countries it was necessary to draw from sources which we are bound to protect.

I am pleased to say that AID has signed with Freedom House to provide support to the human rights movement in Cuba. I believe this major initiative carries out the intent of both Section 109 of the Libertad Act and of provisions of the Cuban Democracy Act calling for such support. We are also looking at other possibilities for assistance in support for democracy on the island, and will discuss our plans in this area with Congress as they develop. While the yearning for democracy among the Cuban people is strong, the Cuban Government so far has effectively repressed most organized efforts to express it. It is our hope that modest amounts of U.S. Government assistance and support from private organizations in the U.S. and elsewhere will help strengthen the institutions that will be necessary to promote a peaceful transition to democracy.

In addition to its call for U.S. support of democratic and human rights groups in Cuba, the Libertad Act also mandates in Title II the creation of a plan for assistance to transition and democratic Cuban Governments. The purposes of this plan are 1) to ensure that the U.S. Government is adequately prepared to assist a new, democratically-oriented government, and 2) to send a message of hope to reform-minded groups that the U.S. is eager to assist them in their efforts to bring Cuba into the hemisphere's family of democratic nations. The Administration is hard at work on this plan and will be consulting with Congress in the coming weeks and months as it nears completion. We are also preparing the report on expropriation claims issues called for in section 207. We believe the conclusions of this plan will be important to bear in mind as we contemplate the kinds of assistance a new government will require in restoring prosperity to Cuba's crumbling economy and infrastructure.

Titles III and IV of the Cuban Liberty and Democratic Solidarity Act are aimed at increasing economic pressure on the Cuban Government and discouraging third-country involvement, or "trafficking", in confiscated properties claimed by U.S. nationals on the island. Title III's private right of action will go into effect August 1 unless the President exercises his authority to suspend the effective date and notifies Congress by July 16. The President has made no decision yet about Title III, so I can't comment any further about it at this time. The Department of Justice has published, as required, a layman's summary of Title III.

I can tell you a good deal about Title IV, however. The Administration has already initiated intensive and highly effective implementation of Title IV's authority to exclude "traffickers" from the United States. The Act charges the State Department with denying visas, and the Attorney General with denying entry, to such "traffickers." The Administration published guidelines governing implementation of Title IV on June 17. The guidelines spell out procedures the Department of State will follow under Title IV, as well as some of the criteria that we will be using in assessing alleged "trafficking." In designing our procedures, we tried to balance the mandate of the Act for broad and speedy implementation with the need to provide transparency and minimize frictions with key U.S. allies whose nationals are affected by Title IV.

Meanwhile, the Department, in cooperation with all relevant U.S. Government agencies, has been gathering information about suspected cases of "trafficking" since the Title's entering into effect on March 12. On May 29, the State Department sent advisory letters to three companies known to have been involved with confiscated U.S. properties prior to the enactment of the Act. In addition to notifying such companies about the Act's provisions, word of these letters also served notice to all investors in Cuba that the Administration is serious about implementing the Act. As a result, I am pleased to say that a significant number of companies with possible involvement in confiscated U.S. properties have informed the State Department that they are disengaging from those investments.

These foreign firms are not the only ones who will feel the impact of Title IV actions. The Cuban Government will undoubtedly find it more difficult to profit from expropriated U.S. sugar properties and properties in other key sectors in the wake of Title IV implementation.

While some firms are making a pre-emptive exit from expropriated U.S. properties on the island, some other firms have indicated their intention to remain in Cuba engaged in activities which may fall under the purview of Act's provisions. In those cases we are committed to moving ahead with full enforcement of the law. The State Department has just made its first determinations of "trafficking" under Title IV, and on July 10 sent letters to nine individuals who are senior officers and members of the Board of Directors of Sherritt International. Those individuals will be excluded from the United States forty-five days from the date of those letters should they seek entry to this country. We are continuing to investigate other cases with a view toward early action in cases where there is sufficient information to warrant a determination of "trafficking" in accordance with the law. I am confident that these initial determinations will further discourage foreign investment in U.S.-claimed properties in Cuba.

I feel compelled to report that implementation of the Act has met with strong negative reactions from our key trading partners. Some of this was based on initial misunderstanding of the provisions of the Act, but continuing concerns may be pursued in the WTO and NAFTA dispute resolution mechanisms. We are confident we will prevail against these challenges, but our allies are likely to continue to press their grievances in other fora.

I have outlined the main elements of our implementation efforts to date. This has been an enormous project, and one that has strained the Department's resources tremendously, but one which we are committed to continuing. I have briefed interested staff members from both committees about our progress on several occasions so far, and look forward to doing so in the future. I think that working together we will achieve the goals of this bipartisan legislation and of the Administration's overall policy toward Cuba: a peaceful transition to democracy.



# Words and Deeds on Cuba Since the March 12, 1996, Approval of the "Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996"

## March 12

The Helms-Burton legislation “intends to force the will of the United States on the rest of the world, something which the Roman emperors, Charles V, Napoleon, or Hitler were unable to do, all this in order to serve the selfish and corrupt interests of a few. When a government calling itself a world leader does not have the sufficient capability or force to distance itself from bastard politics, it is sending unequivocal signals to the international community: it cannot be trusted; it is correct to be leery of it.” (FBIS: “Commentator [Oscar Contreras] on Reaction To Helms-Burton”)

**Ricardo Alarcon, President of the Cuban National Assembly of the Peoples Government, said today “it will be difficult for the United States to impose its version of the 24 February incidents at the International Civil Aviation Organization (ICAO).” (FBIS: [Ricardo Alarcon] “ANNP Head Views ICAO Meeting on Plane Shoot down”)**

## March 13

“The legal analysis, by the firm of Cole Crette and Abrutyn, concludes that even with the suspension, the provision could well accomplish its goal of discouraging foreign investment in Cuba because foreign firms ‘will never have more than six months assurance’ that lawsuits that could cost them triple the value of the property will not be brought against them.” (The Washington Post: [Edward B. Atkeson] “Why Cuba Fired”)

“The Cuban government reacted sharply to the White House ceremony. ‘This so-called law ... is an insult to the world,’ National Assembly President Ricardo Alarcon was quoted as saying by Reuters. ‘The United States cannot and will never be able to tell the world what to do,’ he said of the bill’s most controversial provisions. (The Washington Post: [Edward B. Atkeson] “Why Cuba Fired”)

## March 15

“Cuba said today that it will not halt construction of the Juragua Nuclear Power Plant despite the threat of U.S. sanctions. The plant is the first of its kind built with Russian technology in the Americas.

“‘They want to suffocate the Cuban people with this law,’ said Jorge Petinaud, spokesman for the Cuban nuclear energy information center, in reference to the Helms-Burton legislation, which U.S. President Bill Clinton signed into law on 12 March. ‘It is colonialist, a

U.S. law that they want to apply to the whole world,' Petinaud added. 'The works at Juragua are important for our economy and will continue,' he said.

“‘[I]f (in the United States) there were true humanitarian concerns, scientific, or technical concerns, it would be better if their companies and experts invested in these works to ensure their security. Of course, the current U.S. embargo makes this impossible.’” (FBIS: “*Nuclear Plant building Continues Despite U.S. Law*”)

### March 18

“‘[Helms-Burton] is one way of telling those countries with whose leaders he (President Clinton) will meet that the United States holds no respect for any country on this planet because its President takes the luxury of signing into law a bill he knows is in itself illegal. This is an action that no parliament in the world has ever been so low as to take. No parliament in the world has ever committed the folly of violating international law so grossly by attempting to legislate for other countries, in this particular instance, the whole world.

“‘This is the behavior of a crazy man like Helms, not a head of states who should perform his duties more firmly.’” (FBIS: [Ricardo Alarcon] “*Alarcon Discusses Meeting With ICAO*”)

### March 19

“The action that took place today (signing of Helms-Burton on March 12) aims to end our national sovereignty and to impose a supranational government on earth, which would be something new in the history of mankind.

“The Helms-Burton bill, which became a law today when Clinton signed, transcends Yankee stubbornness to crush Cuba.

“The Helms-Burton law is an insult and a threat to the international community, which has unanimously opposed Washington’s claim to impose the law on the rest of the planet.” (FBIS: [Orlando Contreras] “*Commentary Views US Approval of Helms-Burton Law*”)

“Cuba today reiterated that the recently promulgated Helms-Burton law is a flagrant U.S. violation of the Cuban peoples’ human rights and a serious intervention into the internal affairs of every country in the entire world.

“‘[T]he Cuban revolution can neither be destroyed nor defeated, because the Cuban people have always been able to confront victoriously the most complex situations created by the unjust and unreasonable U.S. position.’” (FBIS: [Mariana Ferrol] “*Ministry Reiterates Rejection of U.S. Law*”)

“Jose Antonio Abresu, Head of the Americas Department of the Cuban Communist Party [PCC], stressed that the United States intends to impose its laws on the rest of the Latin American countries by applying economic restrictions through the Helms-Burton law, but it “will not weaken the Cuban Government or its friends.”

(Helms-Burton) “...is not something over which we will lose any sleep....” (FBIS: “*Americas Department Condemns Helms Burton Law*”)



Hundreds of Cubans gathered near the United States Interests section in Havana today trying to hand in their applications for a new lottery for emigration to the United States. (*The New York Times*)

**March 20**

**“We will become a nightmare for the United States.” (FBIS:[Roberto Robaina] “Robaina Outlines strategy against Helms-Burton Law”)**

“The U.S. Congressional approval of the so-called ‘Cuban Liberty and Democratic Solidarity Act,’ signed by the U.S. President, represents an act of fundamental aggression against the Cuban nation.”

“The objective is clear: to punish Cuba for its effort to decide, in a free, sovereign, and independent manner, its own political, economic, and social organization....”

“This act from the U.S. administration also represents an offense against the international community as a whole and becomes, in fact, a test case for a world government....”

(FBIS:[Ministry of Foreign Relations] “‘Official Declaration’ on Helms-Burton Law Issued”)

**March 22**

**“And now we have the Canadian government shamelessly leading an international effort to rescue the tottering Castro regime.” (Editorial/ The Washington Times)**

**March 26**

“This law will never be enforced. One would have to come here to try and enforce it, but to do that many U.S. people would have to die or come ready to die. This is why they talk about Haiti. They want to do in Cuba what they did in Haiti, where they sent U.S. troops and were able to change the government.” (FBIS:[Ricardo Alarcon] “Alarcon Discusses Helms-Burton Law”)

**March 27.**

“We never had more need for the revolutionary ideology than today,” Fidel Castro said.... “Our advantage is that we are determined and prepared for anything. I do not think the United States is prepared for the resistance that Cuba is building up in the world.” (FBIS: “Castro Says ‘No Alternatives to Socialism’”)

March 31

"In a report to the party conference published this week in *Granma*, the official newspaper of the Cuban Communist Party, Defense Minister Raul Castro, the country's second most powerful figure and the President's brother, argued that Cuba must at all costs avoid reforms of the type that 'undermined the Soviet Union and other socialist countries.... [W]e are profiting from Helms,' Mr. Alarcon said gleefully. 'He has served us on a silver plate something that is crucial from an ideological point of view. Of course, we are going to play that card to death.'"

"This is a bad sign (increased supervision of the private sector)," said a young Cuban employed by a private company that deals with foreign trade. "We have to have more foreign investment in order to grow, because we do not have enough capital ourselves."

Mr. [Carlos] Lage also said that despite the recovery of the Cuban economy, ordinary Cubans should expect to continue to live with the austerity that has been the main feature of life here since the collapse of the Soviet bloc in 1989. (*The New York Times*: "Cuban Communists Take Harder Line")

April 2

"The Governments of seven South American countries have rejected the Helms-Burton law, a visiting delegation of the Cuban Foreign Ministry has reported...."

"South American Foreign Ministers and even Bolivian President Ernesto Sanchez de Losada and Colombian President Ernesto Samper revealed rejections of the Helms-Burton Law with which the U.S. Government intends to tighten the embargo against Cuba." (*FBIS*: "Bolanos Cited on Latin American Support for Nation")

April 4

**"The U.S. ultra right is experimenting with a post-modern fascist-like system of exploitation. If we do not check this maneuvering a timely manner, he said, the fascism of the 1930's and 1940's will be thought of as a marginal point of reference,...' said Cuban Culture Minister Armando Hart."**

(*FBIS*: "Cuba Minister Cautions Against Helms-Burton Law")

April 5

Roberto Robaina emphasized that Cubans "'have observed for 35 years, that during U.S. presidential election years, if it means getting votes, especially in Florida, all politicians have resorted to buying voters in exchange for threats and actions against Cuba.'"

Robaina believes that it is absurd "'that the Congress and the president of a nation that powerful fail to recognize the dangers toward which they are being dragged by the extreme right-

wing in Congress and that in foreign affairs they act like common hostages of a mafia feeding on the criminal hatred of the Batista dictatorship and defeated large estate owners.” (FBIS: “Robaina Says Election Year Influenced U.S. Law”)

#### April 8

“The conference (the first international foreign trade and investment conference) is being held in an attempt to break the U.S. blockade of our country and to encourage an exchange of ideas and expertise on foreign trade and foreign investment in Cuba.” (FBIS: [Yvonne Neurofeu] “First International Foreign Trade Conference”)

**Fidel Castro’s message to the investment conference “also points out that behind this law ‘even lies the hidden intention to fabricate the excuses for military intervention, the call for which extreme right-wing circles in that country have not relinquished.’”**

(FBIS: “Castro Greets Meeting, Berates Helms-Burton Law”)

#### April 18

“Those planes (of Brothers to the Rescue) are designed for war; they were acquired from the U.S. government, which used them in Vietnam. We have been attacked with light aircraft many times. We have been subjected to bacteriological warfare. They have used all means available against our country.” Fidel Castro (FBIS: “Castro Speaks at Playa Giron Anniversary”)

#### April 21

“In recent days, Castro and other senior government officials have spoken of the possibility that the United States might take military action against Cuba, and the need to be prepared.

“Now we have before us not the mercenaries of Giron, but another type ... who are more dangerous, who want to tighten the blockade, make it more difficult for us,” Castro said in a speech Tuesday that was part of the 35th anniversary fete. (*The Washington Post*: “Cuba Updates Anti-U.S. Rancor for Bay of Pigs Anniversary”)

April 22

**Roberto Robaina said “if one were to analyze in depth the U.S. position on this issue, it would be very useful for the members of the [UN human rights] commission to hear the opinions of thousands of Mexican immigrants brutally mistreated by the U.S. Boarder Patrol.’**

**“Robaina said ‘a country that passed a law recently with a view to exterminating the Cuban people has little to brag about regarding human rights.’”**

*(FBIS: [Roberto Robaina] “U.S. Said Lacking Moral Authority on Human Rights.”)*

April 23

**“Cuba’s response to current claims by the United States is clear: in Cuba there are no U.S. assets since they were all transferred to the patrimony of the Cuban people through a nationalization process in accordance to international law.”**

*Barbara Betancourt (FBIS: “Commentary on U.S. Property Compensation”)*

“Most Canadian businessmen are shrugging off the threat of lawsuits under the Helms-Burton law punishing trade with Cuba, and some feel it gives them more leverage with the Havana government. Canada estimated its total trade with Cuba at \$475 million in 1995, up from \$309 million in 1994. The top exports to Cuba include food, machinery and potash for fertilizer, while imports include nickel oxide, cigars, sugar and rum.

“Most Canadians operating in Cuba doubt they will be affected by the Cuban Liberty and Democratic Solidarity Act. Cuba has responded with a promise, being written into new contracts, to indemnify foreign investors against any losses under the U.S. law.

“The (Canadian) businessman notes that in the past two months Canada-Cuba mining companies have raised nearly \$30 million in financing. Some analysts say that costs incurred under Helms-Burton could amount to \$200 billion. In that case, Cuban official Rafael Roqueta said at a trade conference in Toronto, ‘it would not be possible’ for Cuba to cover all the costs.

“Some of these properties were left horribly polluted, and they could be liable for the costs of environmental cleanup.” he said (former Canadian Justice Minister Doug Lewis). *(The Washington Times: [Barry Brown] “Canadians trading in Cuba don’t fear U.S.”)*

## April 29

“Facing a freeze in Cuban-U.S. relations and slipping state control of the economy, Cuba’s ruling Communist Party has slowed moves toward free-market economics, raised pressure on dissident and reemphasized its orthodox Marxist rhetoric.

“Vladimiro Roca, a dissident whose father, Blas Roca, was a founder of the Cuban Communist Party, said he is awaiting a crackdown. ‘Our meetings are being blocked, we can no longer get foreign newspapers, it is getting ever more hard,’ Roca said in an interview from his home. ‘The shoot down and the Helms-Burton Act have made life more difficult.’” (*The Washington Post*: [Douglas Farah] “Cuba Slows Changes, Reemphasizes Ideology; Tighter U.S. Embargo Draws Vow From Castro to Resist another 35 Years”)

## May 1

“[T]his afternoon in Havana, the PRC [People’s Republic of China] and Cuba signed an accord to promote cooperation and exchange in the textile and clothing industries. The PRC and Cuba also agreed to exchange science, technology, and trade information on these industries.” (*FBIS*: [NTV] “Accord Signed With PRC To Promote Textile Industries”)

“‘Millions of Cubans today reaffirm our unbreakable decision to fight for independence and reject the Helms-Burton Law,’” Pedro Ross, a Cuban Labor Leader, said at the rally. (*The New York Times*: “Cuban May Day Rally Renews Communist Vow”)

## May 2

**“Fidel Castro denounced what he termed the ‘reckless, proud, and arrogant attitude of the enemies of the revolution,’ and noted that ‘the U.S. Administration has no ethics and has not thought of the hornet’s nest that would be stirred in the face of any armed attack on Cuba.’”**

(*FBIS*: “Border Guard Operation To Protect Territory”)

“The Cold War rhetoric on both sides, which softened in the past few years, has sharpened in recent weeks. Cuban leaders warn of the dangers of U.S. military action against the island and have accused dissidents of being ‘traitors’ and American tools of subversion. While there have not been widespread arrests, the public statements have had a chilling effect on the dissident groups, which are relatively unknown inside Cuba.

“‘What is different now is the explicit, clear statement that nothing will change,’ said Ricardo Alarcon, President of the Cuban National Assembly, in an interview. ‘The United States has tied its own hands.’

“‘This is a time when even greater tension and danger have been created in the relations between Cuba and the United States, with the enactment of the monstrous Helms-Burton Act, the



work of the most reactionary forces that are predominating in the neo-fascist ideology,” he (Raul Castro) warned. ‘This slavery law is a detailed criminal plan to make our people surrender.’

“On April 15, President Castro weighed in, saying U.S. policy is ‘every day more crazy, more stupid, more confused’ and adding that most municipal leaders in Cuba ‘know more about politics than the U.S. administration.’” (*The Washington Post*: [Douglas Farah] “Cold War Wind Chills U.S. Cub Tie; Havana Calls Dissidents ‘Traitors.’ Warns of Military Action”)

May 3

**“American Express, fearing possible legal action, has already canceled the corporate credit cards of several European companies that do business in Cuba.”**

(*The Washington Times*: [Tom Carter] “GOP urges muscle behind Cuba sanction”)

May 4

“The Europeans ought to either join in isolating the Castro regime or admit that what they’re doing is profiteering off of tyranny,” said Marc Thiessen, spokesman for Senate Foreign Relations Committee Chairman Jesse Helm, a co-sponsor of the bill. (*The Washington Post*: [Lorraine Woellert] “New Cuba Sanctions draw official complaint from EU”)

May 7

“Alarcon indicated that when it seemed that the U.S. pressure to annihilate the Cuban revolution had gone as far as it could, the Helms-Burton Law, which disregards the rights and sovereignty of all countries, emerged to hinder the growth of investments in Cuba.

“I can assure you that they will never destroy the Cuban revolution because the U.S. right wing radicals will not find many Cubans on the island who are willing to accept the neo-liberal formulas and copy the current U.S. institutional system.” (*FBI*: “Alarcon Denounces U.S. Attacks on Revolution”)

May 8

**“The uncertainty that the law has aroused has already hurt a Mexican company that last year bought 49 percent of Cuba’s national telephone system and had hoped to find an American partner. And many other Mexican entrepreneurs are worried about how the measure may affect them.”**

(*The New York Times*: [Sam Dillon] “U.S. Signs Pact on Telling Mexico About Certain Migrant Cases”)

### May 9

“Yesterday, in Havana, Canada’s Ambassador to Cuba said the Helms-Burton law had already had a ‘chilling effect’ on investment decisions by Canadian businessmen, according to the Reuters news agency.” (*The Washington Times*: [Tom Carter] “EU members get warning on Cuba; State drafting sanctions watch list”)

### May 10

“Among the firms whose top officials are virtually certain to be denied entry are Sherrit International Corp., a Canadian firm with mining interests in Cuba, and Cemex, a Mexican Company that owns cement plants in Cuba and Texas. The law is written vaguely enough, legal experts say, that it also might hit prominent companies such as Mercedes-Benz that could be deemed to be ‘trafficking’ in expropriated property.” (*The Washington Post*: [Paul Blustein; Thomas W. Lippman] “Allies Angered by U.S. Boycott Policy; Trading Partners Decry Pressure to Toe Line on Cuba, Iran, Libya”)

### May 13

“Faced with a wrenching choice between prison and exile, one of Cuba’s leading independent journalists (Rafael Solano) flew to Madrid last week, denouncing the repression of the Castro Government and defiantly vowing to continue working for its downfall.

“‘The government was able to expel me from Cuba, but the project that I started there will continue,’ the journalist, Rafael Solano, said in a telephone interview from Spain. When he arrived there on Thursday morning, he was welcomed by the Spanish police, who offered him protection. ‘Even if I am not there, I will continue defending freedom of expression and supporting independent journalism in Cuba,’ he said.

“[H]e was held in a Havana prison for six weeks until the Government, under pressure from Amnesty International and the Committee to Protect Journalists, agreed to release him.

**“There is now a wave of harassment against independent journalists,”**

**Mr. Solano said. He said journalists at Havana Press as well those involved with two other independent news organizations, Cuba Press and the Independent Press Bureau of Cuba, are in danger of being jailed for continuing to distribute uncensored news reports. Many have been brought in for questioning. Some have received menacing telephone calls, and the Government has confiscated their typewriters and tape recorders.**

“‘They told me that I would not be allowed to return to Cuba ever again and they said, ‘you watch, we are going to end independent journalism here,’” Mr Solano said.” (*The New York Times*: [Anthony DePalma] “Cuban Journalists Sent to Exile After Threat of a Prison Term”)

May 14

“Having lost the billions in annual subsidies from the Soviet Union, which viewed such payments as cheap rent for an unsinkable aircraft carrier and permanent military base 90 miles off U.S. shores, Cuba’s economy has collapsed, its output plunging by more than 50 percent in recent years.

“In February, Mr. Castro responded (to European appeals to ease up on human rights violations) by cracking down on peaceful human rights demonstrators and shooting down two U.S. planes. On May 7, the Europeans met with yet another rebuff from the Cuban government.” (*The Washington Times: [Editorial] “The Europeans and sanctions on Cuba”*)

May 22

“During his visit to our country, [*Russian Foreign Minister Yevgeniy*] Primakov will meet with Cuban Government leaders to discuss topics related to international policy, bilateral ties, and measures to revitalize the links between Russia and Cuba.

“Primakov underscored that Russia and Cuba have a long history of bilateral ties, adding that their mutual sympathy and enormous current possibilities suggest that these ties will become stronger in the future. The Russian foreign minister said that he had a negative opinion of the Helms-Burton law, which he hoped the United States would not implement.” (*FBIS: “Russian FM Primakov Arrives on Official Visit”*)

May 23

**“[R]epresentatives of both states (Russia and Cuba) defined the creation of a commission aimed at encouraging the completion of the Juragua Nuclear Power Plant, in Cienfuegos Province. Work was suspended in 1990 for economic reasons.**

**“Moscow also extended a \$30 million credit for Juragua maintenance, which has been in effect since 1993, in order to preserve the \$1 billion worth of work already completed in the plant.”**

*(FBIS: [Mario Esquivel] “Russian Minister To Discuss Nuclear, Economic Ties”)*

“Russian Minister of Foreign Affairs Yevgeniy Primakov today stated the express desire of his government to rejuvenate relations with Cuba, and said that his country will not yield to U.S. pressure on its policy toward the island.

“Primakov today signed with his Russian counterpart Roberto Robaina a cooperation agreement for the 1996-98 period in the areas of culture, education, science, and technology, in addition to a protocol on the principles that will govern the relations between the two countries.

“Last year Russia delivered approximately 1.5 million metric tons of petroleum, and Cuba delivered 700,000 metric tons of sugar, but the commercial exchange protocol signed last

October establishes that both parties should double the aforementioned amounts.

“The two countries are also interested in seeking a third partner to complete the first nuclear reactor of Juragua, in the province of Cienfuegos. Work on the Juragua nuclear reactor, which require an approximate \$700 million investment, was suspended in 1992 due to lack of resources.” (FBIS: [Yevgeniy Primakov] “3rd Partner Said Sought To Complete Juragua Reactor”)

By the end of the month, out of the 324 migrants returned to Cuba, 17 were under arrest or facing possible arrest: 12 on charges of committing common crimes; three on charges of escaping from prison, where they had been serving sentences for pre-May 2 attempts to leave Cuba; and two on charges of attempting to leave following repatriation. The U.S. Interests Section is following all cases closely and seeking full information from the Cuban government. (United States Department of State “Update on Monitoring of Cuban Migrant Returnees”)

## May 29

“Mexico and Cuba will broaden their cooperation in the area of environmental protection and natural resources, as well as in the peaceful use of atomic energy,” Rosa Elena Simeon, minister of science, technology, and environment, today confirmed.” (FBIS: [Rosa Elena Simeon] “Minister on Expanding Environmental Ties With Mexico”)

“The Mexican group [Grupo] Domos, which has taken on the significant task of updating the Cuban communications system, reaffirmed today that its investments in Cuba are becoming profitable. The total investment of the business is approximately \$1.5 billion, of which Domos would contribute 49 percent. To this figure, \$700 million will be added in the next seven years for the expansion and modernization of the network, it noted.” (FBIS: [Javier Garda Calderon] “Mexican Firm Views Telecoms Investments”)

“In several years, Russia, which now has 150 million inhabitants [sic], could occupy an important position among the markets sending tourists to Cuba as result of a growing Russian interest in Cuba as a tourist destination spot.

“In an interview with PRENSA LATINA, Nestor Sosa, director of Cuba’s Ministry of Tourism (Mintur) Office in Russia, pointed out that some 8,000 travelers, including vacationers, businessmen, and others, came to Cuba in 1995.” (FBIS: [Alejandro Gomez] “Mintur Director in Russia Views Tourist Potential”)

Cuba’s Tourism Minister “said in Havana today that ‘investments in Cuba, far from shrinking, have gone up despite the recent signing by U.S. President William Clinton of the Helms Burton Law.’” (FBIS: “Tourism Minister Says Foreign Investment Increasing”)

May 30

**“A giant Mexican cement company has decided to stop doing business in Cuba rather than face U.S. sanctions under a recently enacted law, the State Department said yesterday.**

“The supporters’ (of Helms-Burton) case got a boost from the news that Cemex, one of the world’s largest cement makers, informed the State Department that it will ‘end its involvement with a confiscated American property in Cuba,’ according to department spokesman Nicholas Burns.” (*The Washington Post*: [Paul Blustein] “*Mexican Firm Quits Cuba In Face of U.S. Sanctions*”)

“The Bolivian delegation, which ended its visit to Cuba, spoke against the anti-Cuban, Helms-Burton law as an expression, they said, of their support for the Bolivian Congress, which recently rejected the U.S. legal monstrosity aimed at intensifying the economic blockade against the largest island of the Antilles.” (*FBIS*: [Havana Radio] “*Bolivian Congressmen End 7-Day Visit*”)

May 31

“Cuba today accused the United States of obviously attempting to influence and coerce investors in Cuba through the announcements made by the State Department regarding the implementation of the Helms-Burton Law.

“As an example of his previous assertions, [Miguel] Alfonso (Cuban Foreign Ministry Spokesman) mentioned the positions adopted by the Rio group, Mexico and Canada as members of the free trade agreement, members of the World Trade Organization, the British Foreign Ministry, and others.

“He said, ‘the Helms-Burton Law will suffer the same fate as with the Torricelli law, which also was aimed at intensifying the blockade against Cuba, will not stop the process of economic reforms, and will be unable to sink the Cuban economy or destroy the revolution.’” (*FBIS*: [Miguel Alfonso] “*U.S. Accused of Attempting To Influence Investors*”)

**“According to the most recent official figure, capital secured through foreign investments in operations carried out in the island (Cuba) totals \$2.1 billion, of which approximately 50 percent have been carried out. The CEEC has estimated that the influx of foreign capital in 1995 totaled \$300 million.**

“Another factor that contributed to obtaining those credits (to finance sugar production in Cuba) were the guarantees given by the governments to enterprises having business with Cuba. These governments include Spain, France, Italy, Mexico, and Germany. This situation made it possible to maintain, and in some cases increase, trade despite the shortage of foreign exchange Cuba is experiencing.” (*FBIS*: “*Article Views Foreign Debt Problem*”)



**June 4**

“Ricardo Alarcon, president of the Cuban Parliament, has said that despite the sensation of terror that some people are trying to create internationally. “The practical application of the demonic language of the Helms-Burton law has its limits.” (FBIS: [Ricardo Alarcon] “Alarcon Sees Limits to Helms-Burton Law Application”)

Dmytro Tabachnyk (Ukraine’s Chief of staff) “told reports at the Jose Marti International Airport that the Ukrainian delegation’s meetings with Cuban leaders were based on common interest, and the joint work between Cuba and Ukraine will benefit both nations.

“On 28 May, Cuba and Ukraine signed a document that sums up the meeting of the co-chairmen of the joint Cuba-Ukraine intergovernmental commission, held in November 1995 in Kiev. This document reviews the agreements on the first joint commission and highlights Ukraine’s interests in continuing to import Cuban pharmaceutical products in exchange for Ukrainian goods.

“The document also mentions that an agreement to increase the number of regular flights between Kiev and Havana might be signed, and machinery, equipment, and the supply of spare parts for Ukrainian imports, 30,000 tractors [sic] among them, will be discussed.” (FBIS: “Ukrainian Group Departs After Signing Agreements”)

**June 5**

“The group of Chilean Senators who are on an official visit to Cuba, advocated strengthening bilateral ties during a meeting with Jorge Bolanos, Cuban first deputy minister for foreign affairs.” (FBIS: [Havana Radio] “Visiting Chilean Senators Criticize Helms-Burton Law”)

**June 6**

“Gennadiy Seleznev, chairman of the lower chamber of the Russian parliament (Duma), said in a meeting with his Cuban counterparts today that the state branch will increase its actions against the Helms-Burton law, which seeks to strengthen the United States’ economic blockade against the island.

“During today’s meeting, Seleznev officially announced his trip to Cuba in August. Legislators attending the meeting agreed this reasserts the parliament’s friendly position toward the island.

““For the time being, we will show (Washington) the world can trade without it,”” said Vladimir Lukin, chairman of the Duma’s Foreign Relations Committee, in reference to Russia’s willingness to strengthen ties with the Caribbean country despite the United States’ pressure.” (FBIS: [Vladimir Lukin] “Russia To Increase Actions Against U.S. Law”)

“In the next few days Castro will receive a delegation of 50 Spanish businessmen who are already in Havana to discuss the future of investments on the island, Cuban media have reported.

“According to the report by the International Economy Research Center, ‘Canada,

Mexico, Spain, France, and Italy are the main investors in Cuba. Spain has some \$400 million invested in the island, particularly in the tourism sector. Currently 15 Spanish companies are managing 27 hotels. Canada has concentrated its activity in the mining sector, and Mexico in telecommunications.” (FBIS: [Santiago Aroca] “Castro To Receive Delegation of Spanish Businessmen”)

**“The N.Y.-based Committee to Protect Journalists sent a letter to Fidel Castro condemning his campaign of ‘silencing independent journalists by effectively expelling them from the country’ as ‘a gross violation of the right to free expression.’ The most recent victim was Roxana Valdivia, who arrived in Miami.**

“The CPJ also sent a separate letter to the Mexican firm Grupo Domos, which is helping to run the Cuban telephone system, denouncing their ‘collaboration’ with Cuban state security to cut off communications abroad with dissident journalist. Grupo Domos has also been cited by the State Department for being involved with stolen American property.” (CUBA in BRIEF [CANF] “Media Group Keeps Pressure On”)

**“U.S. Ambassador to the OAS Harriet Babbitt harshly denounced an OAS vote calling for an investigation on whether the Helms-Burton law violates ‘international law,’ accusing her colleagues of ‘diplomatic cowardice’ and asking, ‘Aren’t some countries ashamed that they can muster the strength to question an internal U.S. law but lack the moral and political courage to denounce a totalitarian dictatorship?’”**

“State department spokesman Nicholas Burns said the U.S. would not accept any OAS jurisdiction over Helms-Burton and that countries are wasting their time trying to manipulate the U.S. into changing its stance. He added, ‘The countries that are teeing off on us now ought to just sit back and cool it, and understand that we’re going to implement this law.’” (CUBA in BRIEF [CANF] “OAS Envoy Rips Hemisphere on Cuba Vote”)

June 7

**“The Cuban Government today announced the creation of free zones and industrial parks for the purpose of opening opportunities to foreign investors, amid the deluge of protests unleashed by the Helms-Burton law. With this announcement, the Cuban Government seems to want to promote its economic opening and reform program that many observers had considered to be at a standstill in recent times.”**

(FBIS: [Ibrahim Ferradaz] “Government Announces Creation of Free Zones”)

"After three days of bilateral meetings and receiving detailed explanations of the economic changes being implemented in the country, the sixth session of the Spanish-Cuban Business Cooperation Committee concluded with the signing of its memorandum.

"Alberto Betancourt, chairman of the Cuban section of the committee, has described the representation of Spanish businessmen as very positive, characterized by a broad spectrum from the industrial and business sectors reflecting the desire to continue their ties with Cuba....

"The topics discussed at the business committee have included 'the importance of Spanish companies in the Cuban economy, the need to increase the flow of investments, the possibility of economic growth on the island, the country's large human resource, the advisability of reinforcing business expectations through the foreign investment law, and greater exchange of economic and business information.'" (FBIS: *"Joint Business Committee Session With Spain Ends"*)

#### June 10

"Cuban officials have not received any official notification from Mexican Cement (CEMEX), or from any other foreign company, requesting an end to their business activities in Cuba. The ministry has not received any request for dissolution from the more than 200 joint ventures in Cuba, although many new investors are extremely cautious regarding the new legislation which sanctions companies trading with Cuba." (FBIS: [Ibrahim Ferradaz] *"Foreign Companies Said Not Asking To End Business"*)

"Among the facilities visited by the Chinese ambassador was the modern Minerva Bicycle Factory, which is equipped with machinery from the Asian country (China) and has a production capacity of 150,000 bicycles a year. During a press conference, the representative of the Chinese Government in Cuba ratified his country's decision to strengthen trade relations with Cuba and their total disagreement with the Helms-Burton law.

"During the occasion, a cooperation agreement was signed for rice production on an experimental farm in Granma province. The PRC will provide technology, technical advice, and financing for an experiment that could be extended to other crops if it proves favorable.

"The day's activities started with the opening session of the 8th joint PRC-Cuba Inter-Governmental Commission. In the opening session, the sides reaffirmed their interest to improve their bilateral ties. The trade between the two countries is very active, having exceeded \$350 million in 1995." (FBIS: [NTV] *"PRC Delegation Visits, Signs Cooperation Agreement"*)

"Cuba and China yesterday signed the first agreement on an experimental rice farm, which will be built in Granma, a province of the country that will serve as a model for the use of the 'Xintian' seed in other rice cultivation areas." (FBIS: [PRENSA LATINA] *"Castro, PRC Minister View 'Economic Opportunities'"*)

June 12

**“The Helms-Burton law will certainly cause the same harm Washington’s aggressive policy has been causing for a long time, with threats and pressure to discourage possible investments in Cuba,” [Raul] Taladrid (Cuban deputy minister for foreign investment and economic cooperation) said.**

“Taladrid recalled that ‘Cuba the past few years received \$2.1 billion dollars in foreign investments, through 230 associations.’ He said ‘50 percent of the cited amount has already been collected.’

“Taladrid said ‘the arrival of foreign capital is only a complement of the Cuban economic recovery program, the fundamental tool of which is the efforts of the Cubans themselves.’

“The deputy minister (Taladrid) arrived here today at the head of a large delegation to participate in the second meeting of the Mixed Bolivian-Cuban Commission, the objective of which is, he said, ‘to expound a specific cooperation program to expand trade.’” (*FBIS: “Taladrid Arrives in Bolivia, Criticizes U.S. Law”*)

June 14

“Wu Yi, foreign trade and economic minister of the People’s Republic of China (PRC), inaugurated on Tuesday, in Havana, a sales representatives office of the Textile Import and Export Corporation (Chinatex) which is described as a significant phase in Cuban-PRC bilateral economic relations.

“In statements to the news media, the PRC minister commented on her meeting with President Fidel Castro, whom she admires for defying the U.S. blockade against Cuba and overcoming difficulties.

“Wu Yi said they discussed, in a friendly environment, the prospects for improving PRC-Cuban economic and commercial relations and the friendship between the two peoples. Wu Yi said that the first technical cooperation project in rice farming has been concluded in some 200 hectares in the island.

“The PRC represents 8 percent of Cuba’s total trade exchange, following Canada, Spain, and Mexico.” (*FBIS: [Wu Yi] “Cooperation, Economic Agreements Signed With PRC”*)

June 18

**“Foreign Investment and Economic Cooperation Minister Ibrahim Ferradaz told NOTIMEX today that Cuba denies having received official notification of withdrawal from Cuba of Mexican Cement Company [CEMEX] or any other Mexican company, because of the Helms-Burton-Law.**

“Official notification of the withdrawal by Cemex, or any other Mexican company, has not reached my office to date,” the Cuban official stated during an interview.

“The Cuban Government is maintaining conversations with all foreign companies that have invested, or have economic ties with the island, to counsel them regarding the effects of the Helms-Burton law, which extends the U.S. embargo of Cuba to third countries,” Ferradaz said...

“The foreign companies are concerned. A tense, difficult, situation exists. However, there is a shared indignation against those who have created this situation,” Ferradaz said.” (FBIS: [Ibrahim Ferradaz] “Official Withdrawal of Mexican Companies Denied”)

“The People’s Republic of China and Cuba have signed an agreement in Havana by which the great Asian nation will provide Cuba with technical cooperation with the development of rice farming. As a result of this bilateral agreement, a 200 hectare experimental farm will be established in Granma Province, where PRC specialists will impart their rice-farming expertise to Cuban farmers.

“The purpose of this agreement is to try to help Cuba increase its rice production, and to alleviate the burden annual rice imports on the Cuban economy, which is now experiencing a major crisis.

“Vietnam has also provided significant aid to Cuba by sending rice to Cuba, and right now, a national fund raising drive is taking place in Vietnam to donate 20,000 tons of rice to Cuba.” (FBIS: [Havana Radio] “PRC Rice-Farming Experts to Teach Cuban Farmers”)

“Wu Yi and her Cuban colleague, Ricardo Cabrisas, signed six agreements at the end of the Eighth Intergovernment Mixed Commission sessions today. These agreements dealt with, among other aspects, the credit of the Chinese state and the 1995 bilateral trade imbalance figures. Also discussed was a \$25 million contract to supply diesel fuel and a Cuban-Chinese letter of intent worth between \$80 million to \$100 million to be carried out this year.

“According to Wu Yi, ‘[T]he corporate entrepreneurs who have accompanied her are interested in and will study the feasibility of investing in rice production, nickel extraction, and the creation of a fertilizer plant in Cuba.’

“‘China is willing to continue bolstering long term, friendly relations with Cuba based on equality and mutual benefit,’ she said.” (FBIS: “Chinese Foreign Minister Ends Visit, Departs”)

“The second business mission of the Valencian community, made up of 30 companies, is visiting Cuba to explore market prospects. The companies represent the food, construction, basic industry, and light industry sectors. Commercial exchange between Cuba and Valencia increased by 45 percent during the first quarter of 1996, and the investors’ interest continues to grow considering the appeal of the Cuban market.” (FBIS: [NTV] “Spanish Business Group Explores Market Prospects”)



**“Canada today became the first nation to announce retaliatory measures against the new anti-Cuba trade law of the United States, promising to fight the legislation’s provisions in Canadian courts and through international arbitration. Canada is one of the largest foreign investors in Cuba, which also draws hundreds of thousands of Canadian vacationers.**

“Under the new proposal, Canada’s attorney general could block judgements entered by a U.S. court from being carried out in Canada. Canadians also would be permitted to file countersuits in Canada against U.S. companies that sue Canadian traders in the United States.”  
*(FBIS: [Anne Swardson] “Canada Vows Sanctions Against U.S. for Enforcement of Anti-Cuba Trade Law”)*

June 19

“In a string of blows to Cuba’s tourism industry, foreign firms have recently canceled, frozen or quietly deferred plans for 17 hotels totaling some 2,000 rooms on the island.” This according to a report in the *Miami Herald*.

**“The *Herald* said, ‘Driving the changes have not only been the U.S. Helms-Burton law to punish foreign investors and Spain’s new conservative government, but also a perception that this is the wrong time to risk money in Cuba.’**

“The latest firms to reassess their involvement with Castro include Spain’s Occidental Hotels and Paladores Nacionales. The *Herald* said that while these pullouts have received widespread publicity ‘other foreign firms and investors are opting to more discreetly delay projects and avoid angering the Cuban Government.’

“*Time* magazine added, ‘Protests aside, the law is producing the desired effect, and a slowdown in investment has not gone unnoticed by El Jefe. In a recent speech, Castro noted ‘They want no one to invest. They must want 100% socialism in Cuba.’ Actually, they want 0% Castro.” *(CANF: “More Companies To Leave Cuba”)*

“The Clinton Administration published guidelines for enforcing Title IV of the Helms-Burton law, the election which may deny U.S. visas to foreign businessmen trafficking in stolen U.S. property in Cuba. State Department spokesman Nicholas Burns said, ‘We have briefed all of the governments concerned ... before we have issued these guidelines, and I can tell you that throughout the summer, we’ll be proceeding with Title IV implementation. And by the end of the summer, we should be in a position... where some people will not be able to use their U.S. visas should they possess them.’” *(CANF: “Title IV Regulations Published”)*

“(Octavio) Castilla (Cuban vice minister of foreign investment and economic cooperation) clarified that ‘out of 236 joint companies operating here, only four can be regarded as properties under U.S. litigation, which represents less than 2 percent of the contract partners.’

**“Frank Seifter, president of the German-Cuban Associations of Jurists, noted that German businessmen want to invest in the island, but at the same time said that they are concerned about property, land ownership, use of labor force, and guarantees for foreign capital in Cuba.**

“(Dietmar) Dirmoser (director for the Caribbean division of the Friedrich Ebert Foundation) minimized the impact that the anti-Cuban Helms-Burton law will have on the prospects for expanding economic, commercial, and scientific-technical ties between Bonn and Havana.” (FBIS: [PRENSA LATINA] “Information on Nationalized Properties Offered”)

“In Berne, Switzerland, Cuban Foreign Minister Roberto Robaina received 30 computers, medicine, and hospital supplies donated by the Swiss solidarity with Cuba movement.” (FBIS: [NTV] “Robaina Receives Computers From Swiss Group”)

## June 20

“Representatives from 15 British enterprises are in Cuba to study the possibilities of investing in the Caribbean country and to learn about the economic reforms currently being implemented.

“The business mission, organized by the Advisory Group for Trade With the Caribbean and the British Department of Trade and Industry, told local media that ‘its presence in the island proves its willingness to continue negotiating with the Cubans, with or without the Helms-Burton law.’” (FBIS: [“Morning Information Review”] “British Delegation Investigates Investments”)

“The Interests Section continues to question the Cuban government about several returnees who claim to have lost their jobs since their return, and is also seeking the Cuban government’s assistance in enabling two returned families to reoccupy residences taken away from them during their absence from Cuba.

**“By the end of May, 24 of the 338 possible migrants returned to Cuba were under arrests or facing possible arrest: 19 on charges of committing common crimes, and five on charges of violating Cuban emigration restrictions either before or after the exit attempt that led to their return.**

“The U.S. interests section is following all cases closely and seeking full information from the Cuban government. Officers of the Interest Section are following all cases closely and seeking full information from the Cuban government...” (United States Department of State: Office of Cuban Affairs; “Update on Monitoring of Cuban Migrant Returnees, May 1996”)

July 11

**“The Clinton Administration struck for the first time today against foreign companies operating in Cuba, informing the top executives and shareholders of a large Canadian mining concern that they and their families will be barred from entering the United States, State Department officials said.**

“The action against Sherritt International Corporation was the first application of the Helms-Burton law, which President Clinton, against the advice of many of his closest advisers, signed this year. It has raised a storm of protest throughout Europe and Latin America, and Canada has told its companies to ignore American threats and warned it may retaliate with counter-sanctions.

“American officials said that executives from telephone companies in Mexico and Italy will be informed in coming days that they will also be barred from visiting the United States and from sending their children to visit or study here.” (*The New York Times* [David Sanger])



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**A REPORT ON THE IMMEDIATE IMPACT OF  
THE CUBAN LIBERTY & DEMOCRATIC SOLIDARITY ACT  
(LIBERTAD)**

**July 1996**

- I. LIBERTAD in Brief**
  - II. The Clinton Administration Defends LIBERTAD**
  - III. The "Chilling Effect" of LIBERTAD**
  - IV. The Cuban Response**
  - V. Conclusion/Recommendations**
- Appendix**

## SUMMARY

On March 12, 1996, President Bill Clinton signed into law the Cuban Liberty and Democratic Solidarity Act (LIBERTAD) as part of a series of punitive measures directed at the regime of Fidel Castro for its downing of two U.S. civilian light aircraft in international airspace. The act, also known as "Helms-Burton" for its primary sponsors Sen. Jesse Helms (R-NC) and Rep. Dan Burton (R-IN), had days earlier passed the U.S. Senate and House by overwhelming bipartisan margins of 74-22 and 336-86, respectively.

LIBERTAD is a comprehensive law combining sanctions against the Castro regime with offers of specific U.S. support measures for Cuba should a new leadership pursue a path towards democratization. Two provisions in the law that have generated the most attention here and abroad are Titles III and IV, which are designed to discourage foreign investment in Cuba by protecting the property rights of American citizens whose former properties were expropriated without compensation by Castro and are now on the international selling block.

Titles III and IV would make foreign nationals who traffic in stolen U.S. property -- that is, buy, sell, use, or otherwise profit from the property -- liable to sanctions by the U.S. government or the former property owners. Title IV, which is effective immediately, would deny U.S. visas to foreign businessmen involved with stolen U.S. property. Title III, scheduled to take effect August 1, 1996, would allow U.S. citizens to file lawsuits against foreign companies using their former properties.

It is the intention of this report to demonstrate that simply the threat of sanctions entailed in LIBERTAD has already produced a striking "chilling effect" on foreign investment in Cuba, a fact conceded by Castro-regime officials. However, such an initial chilling effect could dissipate quickly if not followed by decisive action by the Clinton Administration in fully implementing Titles III and IV of the law. Any perception that the United States is less than 100% committed to the full enforcement of LIBERTAD will likely embolden foreign investors that have signed contracts with the Castro regime to remain in Cuba or restore confidence in those contemplating such action.



## I. LIBERTAD IN BRIEF

**Title I: Strengthening International Sanctions Against the Castro Regime.** Codifies the existing embargo on Cuba, which may not be lifted until a transition government is in place in Cuba. Urges the President to seek, in the U.N. Security Council, an international embargo against the Castro dictatorship. Prohibits the extension of loans or credits to any person to finance transactions involving U.S. property confiscated by the Cuban government, and instructs U.S. executive directors of international financial institutions to oppose loans to Cuba and Cuban membership until a democratic government is in power in Cuba. Conditions U.S. aid to Former Soviet States (FSU) on the conduct of their economic relationship with Cuba on market terms, and expresses strong congressional disapproval of Russian credits to Cuba in exchange for the use of intelligence facilities targeted at the United States. Withholds U.S. assistance to any nation supporting the completion of nuclear facilities in Cuba by an amount equal to the sum of assistance and credits provided by that nation.

**Title II: Assistance to a Free and Democratic Cuba.** Authorizes assistance during the period of a transition government for food, medicine, medical supplies, and equipment to meet the basic humanitarian needs of the Cuban people. Authorizes the President to provide assistance to a democratically elected government, including foreign assistance, EXIM Bank financing and guarantees, OPIC financial support, Peace Corps programs, assistance provided by the Trade and Development Agency, and military adjustment assistance. Urges the President to seek international assistance for both a transition and a democratic government. Authorizes the President to suspend both the economic embargo and the right of action provided under this Act against the transition government in order to contribute to a foundation for a democratically elected government to take power.

**Title III: Protection of Property Rights of United States Nationals.** Establishes a private civil right of action for any U.S. national having ownership of a claim to commercial property confiscated by Cuba against a person or entity who is knowingly benefitting from the use of such confiscated property without the authorization of the American claimant. Requires an affirmative duty to notify a potential defendant about the claim to the confiscated property and provides treble damages only after an additional notice has been given (except for certified claimants). Claims involving residential properties are restricted to those properties taken from a certified claimant or where the home is occupied by a senior official of the government or the communist party. Requires that the claim meet a minimum amount in controversy of \$50,000, exclusive of costs. Allows the President to suspend the August 1, 1996, effective date of the right of action for a six month period if he determines that such a suspension "is necessary to the national interests of the United States and will expedite a transition to democracy in Cuba."

**Title IV: Exclusion of Certain Aliens.** Requires the Secretary of State to deny visas to: (1) individuals who confiscate, convert, or traffic in property confiscated from an American citizen by the Cuban government; (2) corporate officers or controlling shareholders of entities which have been involved in the confiscation of or trafficking in property confiscated from an American citizen; and (3) the spouse or children of persons who confiscate, convert, or traffic in properties confiscated from an American citizen after the date of enactment. Allows the Secretary of States to waive this prohibition, on a case-by-case basis, when he determines that such a waiver is necessary for medical reasons or for purposes of litigation under the right of action provision.

## II. THE CLINTON ADMINISTRATION DEFENDS LIBERTAD, PROMISES FULL IMPLEMENTATION OF TITLE IV

LIBERTAD has generated a deluge of negative foreign commentary as it has quite rightly been understood as a threat to profits to be made in Castro's current fire-sale of Cuban assets. In recent weeks, however, senior Clinton Administration officials that include Vice President Al Gore, Treasury Secretary Robert Rubin, Commerce Secretary Mickey Kantor, National Security Advisor Anthony Lake, and Undersecretary of State Peter Tarnoff have spoken out forcefully in defense of LIBERTAD. They have ceded no ground to foreign critics of the law on questions about international law or allegations of extraterritoriality and "secondary boycotts."

**Knocking Down the Arguments.** Senior Administration officials have systematically debunked all the main points of contention lodged against LIBERTAD from foreign capitals. Commerce Secretary Kantor said the law is "fully consistent with our international obligations."<sup>1</sup> State Department Director for Cuban Affairs Michael Ranneberger rebuffed foreign legal challenges to the law, saying that in talks with allies, "I think we have presented a rather convincing legal case that we are not subject to the provisions of the NAFTA" nor does the law violate the provisions of the WTO or GATT.<sup>2</sup> He also said that the U.S. will take "measures to respond" to any country that attempts retaliatory legislation in response to LIBERTAD.<sup>3</sup>

Undersecretary of State for Economics Joan Spero said, "What is at issue with Helms-Burton is the question of expropriated American property. That's what the legislation is all about.... It has nothing to do with extra-territoriality." She added, "We have

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<sup>1</sup>*Associated Press*, June 21, 1996.

<sup>2</sup>*BNA International Trade Daily*, June 20, 1996.

<sup>3</sup>*The Financial Post*, June 20, 1996.

also made it very clear we think there are a handful of very clear exceptions to our approach to open trade and investment and those are states that do not follow international rules, states that either shoot down civilian planes in international airspace, or countries like Iran that support international terrorism or seek to acquire weapons of mass destruction. In these situations we feel we have an obligation as a leader of the multilateral system to act forcefully."<sup>4</sup>

National Security Advisor Anthony Lake, in an interview with *USA Today*, refuted the contention the U.S. was administering a secondary boycott, "To argue that we should not be carrying out sanctions against Cuba or more specifically that this is a secondary boycott like that against Israel, which we opposed, draws an extraordinarily inaccurate and unfair moral equivalency between Cuba and Israel. The one is a communist dictatorship; the other a vibrant democracy. The Cubans shot down in cold blood two American planes with American citizens in it. And that deserves sanctions."<sup>5</sup>

Responding to those critics, State Department spokesman Nicholas Burns has said they are wasting their time trying to manipulate the U.S. into changing its stance, saying, "The countries that are teeing off on us now ought to just sit back and cool it, and understand that we're going to implement this law." He has also singled out Canada, saying, "I think it's time that the Canadian government and the Canadian people listen to us...We've had to live with this dictatorship 90 miles off our shores for 36 years. And we had four Americans murdered over international waters by the Castro government. They have to understand what prompted this legislation."<sup>6</sup>

**G-7 Summit.** At the recently concluded G-7 summit in Lyon, France, which some foreign governments had boasted would be the denouement of their campaign against LIBERTAD, the issue was relegated to the proverbial back burner. According to Treasury Secretary Robert Rubin, "Helms-Burton was raised a few times, but it was not a significant part of the discussion," which confirms European and Canadian protestations are more designed for respective domestic audiences and that it is *they*, not the U.S., who are unwilling to jeopardize bilateral relations over trade with the last dictator in the Americas.<sup>7</sup>

In fact, indications are an aggressive U.S. defense of the law was the key to forcing the G-7 countries to stand down. White House press secretary Mike McCurry said that President Clinton raised the issue of LIBERTAD himself in talks with Britain's John Major and France's Jacques Chirac. Added Daniel Tarullo, deputy assistant to the president for

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<sup>4</sup>*Agence France Presse*, June 25, 1996.

<sup>5</sup>*USA Today*, June 26, 1996.

<sup>6</sup>*Reuters*, June 5, 1996.

<sup>7</sup>*The Calgary Herald*, June 29, 1996.

economic policy, "The President pushed back fairly hard on the issue of needing to confront terrorist states to take action against countries that are threats to democracy and to the safety of our citizens."<sup>8</sup>

**OAS Vote.** U.S. Ambassador to the OAS Harriet Babbitt gave perhaps the most forceful defense of LIBERTAD following an Organization of American States vote calling for an investigation on whether the law violates "international law." After accusing her colleagues of "diplomatic cowardice," she asked, "Aren't some countries ashamed that they can muster the strength to question an internal [U.S.] law but lack the moral and political courage to denounce a totalitarian dictatorship?"<sup>9</sup>

**State Department on Impact of LIBERTAD.** Attesting to the immediate impact of LIBERTAD on foreign investment in Cuba, State Cuba Director Ranneberger recently told a Washington conference, "There is clearly a chilling effect," with "a growing body of information suggesting strongly that a number of companies, particularly in Europe, who had deals that were pending or being considered with the Cuban government, have pulled back or put them on hold, or at minimum are asking a lot more difficult questions."<sup>10</sup> Several days later, he told a congressional panel, "There are a number of foreign companies to whom we were going to send advisory letters who have come to see us and who have preemptively, in essence, pulled out -- provided documentation that they are pulling out. So in that sense we've had successes already."<sup>11</sup>

**Implementation of Title IV.** In contrast to Title III, which will take effect August 1, 1996, barring any last minute suspension, Title IV took effect immediately. Guidelines for implementing Title IV were published June 17. State Department spokesman Nicholas Burns said, "We have briefed all of the governments concerned...before we issued these guidelines, and I can tell you that throughout the summer, we'll be proceeding with [Title IV] implementation. And by the end of the summer, we should be in a position...where some people will not be able to use their U.S. visas should they possess them."<sup>12</sup>

Speaking at a New York conference, State Department Cuba director Michael Ranneberger said, "There is a misperception that we're just going to focus on major cases,"

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<sup>8</sup>*BNA ITD*, July 2, 1996.

<sup>9</sup>*The Washington Times*, June 6, 1996.

<sup>10</sup>*BNA ITD*, June 20, 1996.

<sup>11</sup>Congressional Testimony, June 27, 1996.

<sup>12</sup>*AFP*, June 17, 1996.

he said, "In fact, we will be looking at all potential trafficking cases."<sup>13</sup> Later, at a Washington conference, he said, "Our obligations under the statute are clear. We will not be implementing it selectively; we're going to be implementing it broadly and objectively and thoroughly."<sup>14</sup> Already, the State Department has sent advisory letters to several foreign companies who could be subject to Title IV: Stet of Italy; Sherritt International of Canada; and Grupo Domos of Mexico. State has indicated they will probably determine the first traffickers by mid-July.

#### Other Key LIBERTAD Dates

- July 16: Date by which President Clinton must choose to suspend Title III, which gives U.S. citizens the right to sue foreign companies doing business on their confiscated property in Cuba.
- Aug. 1: Title III becomes effective.
- Sept. 8: Secretary of State required to file report of number and amount of U.S. claims to Cuban property.
- Nov. 1: Lawsuits may be filed by Americans who have certified claims.
- March 12, 1998: Lawsuits may be filed by Americans with claims not yet certified.

### III. THE "CHILLING EFFECT" OF LIBERTAD

If foreign commentary on LIBERTAD has been decidedly negative, it has also acknowledged its impact. Canadian Ambassador to Cuba Mark Entwistle, speaking at an investment conference in Havana, conceded, "In the case of Canada, [the law] has clearly already had a significant chilling effect on investment decisions." Canada's *Financial Post* likewise reported, "...a chill on doing business with Cuba has started," and quoted one expert as saying, "Most foreign companies already active there are in a holding pattern, they are keeping a low profile, seeking legal advice, searching title registries, and waiting to see what develops."<sup>15</sup>

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<sup>13</sup>*The Toronto Star*, June 7, 1996.

<sup>14</sup>*The Financial Post*, June 20, 1996.

<sup>15</sup>*The Financial Post*, May 21, 1996.



Ottawa attorney Richard Dearden of Gowling Strathy and Henderson, said, "There certainly has been a chilling effect on Canadian companies wanting to invest or who have invested in Cuba."<sup>16</sup> Washington, D.C., attorney John Coogan of Cole Corrette and Abrutyn said, "I've run into many companies that have simply elected not to go into Cuba." Of those companies currently in Cuba, Coogan said, "I think people want to keep a very, very low profile."<sup>17</sup> According to the *Toronto Star*, "Helms-Burton has given firms that extra little push, turning movers and shakers into nervous jitterbugs."<sup>18</sup>

Jim Moore of the Canadian Alliance of Manufacturers and Exporters said that, "all companies who are active in the U.S. as well as Cuba are very, very nervous. The best advice, and most companies are following this very rigidly, is to keep an extremely low profile. The Cuban-Americans maintain what they call the Hall of Shame List -- profiles of companies whose names are gleaned largely from media reports."<sup>19</sup>

"Everybody's trying to lay low and see what's happening," said James Batista, a Toronto wholesaler with ten years of business in Cuba. "Everybody's kind of scared because there are profitable situations at risk here. It [LIBERTAD] is already hurting. It could be hard on us."<sup>20</sup> One banker with no investments in Cuba said the law had a "horrendous effect," and that its implementation had led him to cancel a trip to Cuba because he could not "risk the hassle of crossing the U.S. border and being asked why I, a banker, was in Cuba."<sup>21</sup> Other reports say that many foreign firms are, rather than pulling out, opting to more discretely delay projects and avoid angering the Castro regime. A Spanish tourism official said, "No one is going to openly tell the Cubans they're slowing down. They're just going to take time, ask more questions, consider, say they need more studies."<sup>22</sup>

**Banks Bailing.** Some companies willing to remain in Cuba and risk sanctions may not have a choice to do so, as a senior Cuban official confirmed to Canada's *Financial Post*, "Canadian and other foreign banks are pulling back on loans to companies operating in Cuba because of the threat of sanctions from the U.S." The *Post* confirmed the comment not only with Canadian bankers, but with one London-based investment banker in Havana, who said, "I know of several cases where Canadian banks have not renewed loans to

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<sup>16</sup>*The Financial Post*, May 3, 1996.

<sup>17</sup>*Ibid.*

<sup>18</sup>*The Toronto Star*, May 27, 1996.

<sup>19</sup>*The Montreal Gazette*, July 4, 1996.

<sup>20</sup>*Calgary Herald*, May 23, 1996.

<sup>21</sup>*The Washington Times*, April 23, 1996.

<sup>22</sup>*The Miami Herald*, June 14, 1996.

companies in Cuba."<sup>23</sup> A Canadian banker said the institutions are assessing their relationships with customers with ties to Cuba because of possible sanctions against those who are suppliers of services to businesses that traffic in stolen U.S. property. "We interpret that [Title III] to mean that a bank supplying services to a trafficker could also be vulnerable to litigation under the Helms-Burton Act," he said.<sup>24</sup>

**Horizons "Black."** As a Caribbean tourism consultant noted, "Cuba's horizons have turned very black since Helms-Burton, the incident with the Miami airplanes, arrests of dissidents, expulsions of journalists and repression against intellectuals."<sup>25</sup> *Time* magazine concluded, "Protests aside, the [LIBERTAD] law is producing the desired effect, and a slowdown in investment has not gone unnoticed by *El Jefe*. In a recent speech, Castro noted 'They want no one to invest. They must want 100% socialism in Cuba.' Actually, they want 0% Castro."<sup>26</sup>

#### Companies that Have Ended Operations in Cuba since LIBERTAD

**ING Groep NV.** The Dutch banking and insurance group announced on July 4 that it was ending its involvement in the Cuban sugar industry as a result of LIBERTAD. The company said, "We had to decide to stop it," referring to the company's decision not to renew \$30 million in loans to Cuba's state-owned sugar trading company, Cubazucar. ING believed that its subsidiaries, which have substantial U.S. assets, could have been vulnerable to Title III. ING said, "We have to operate within the legal framework however much we disapprove of it." The company will continue to finance trade with Cuba through its Havana representative office.<sup>27</sup>

GNI, a British brokerage house, said that ING's withdrawal could set a precedent for other investors. "While the company openly voiced its disapproval at the U.S. legislation, it has complied," it said. "Other companies will probably follow, which means that is probably the greatest threat to a big rise in output [of sugar] from Cuba next year."<sup>28</sup>

**Cemex (Mexico).** The world's fourth largest cement company ended operations in Cuba to avoid U.S. sanctions. In 1995, Cemex had reported world-wide sales of \$2.6 billion, with \$385 million coming from its U.S. operations. Cemex owned no property in Cuba, but

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<sup>23</sup>*The Financial Post*, June 29, 1996.

<sup>24</sup>*The Financial Post*, June 20, 1996.

<sup>25</sup>*The Miami Herald*, June 14, 1996.

<sup>26</sup>*Time*, June 24, 1996.

<sup>27</sup>*The Financial Times*, July 5, 1996.

<sup>28</sup>*Reuters*, July 5, 1996.

had an agreement to market Cuban-produced cement and provide technical assistance to the Mariel cement plant, claimed by Lone Star Industries of Connecticut. CEMEX's stock dropped 2.7 percent in a single day after reports circulated that it had been targeted by the State Department. "Cemex is out of Cuba.... They pulled out because they didn't want to get one of these warning letters," an administration official told the *Los Angeles Times*. The *Times* called the decision "a striking illustration" of the impact of LIBERTAD and said it "shows that, for all their protests about U.S. interference abroad, foreign companies' options may be limited if they want to maintain their profitable U.S. operations."<sup>29</sup>

**Occidental Hotels (Spain).** In what the *Miami Herald* called "a string of blows to Cuba's tourism industry," several hotel chains recently canceled, froze, or quietly deferred plans for 17 hotels totaling some 2,000 rooms on the island. The Spanish hotel firm Occidental pulled out of a contract with Cuba to manage four hotels in Varadero. According to a company spokesman, "The general legal framework in Cuba is not clear. We are not afraid and we have not been pressured, but we have an obligation to protect our investors."<sup>30</sup>

**Paradores Nacionales (Spain).** The company suspended a \$16 million deal to create and manage eight hotels totaling 500 rooms. Paradores officially declined comment, but said the decision was based on the passage of LIBERTAD and the shift in Spain's policy toward Cuba.<sup>31</sup>

**Redpath Sugars (Canada).** Redpath Ltd., Canada's largest importer of Cuban sugar, announced in early March that it would no longer use Cuban sugar. Apparently, many of Redpath's customers, who export their products to the U.S., became "sensitive" about buying from a plant that also handles Cuban sugar. Redpath was also concerned about a possible Canadian law that prohibits Canadian businesses from abandoning their operations in Cuba to avoid being targeted by the U.S.<sup>32</sup> Andrew Ferrier, president of Redpath Sugars, said, "We had to make a decision to stop buying from Cuba or lose our business with the United States."<sup>33</sup> Redpath is a subsidiary of Tate & Lyle International (UK), which is involved in financing the Cuban sugar harvest.

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<sup>29</sup>*The Los Angeles Times*, May 30, 1996.

<sup>30</sup>*The Miami Herald*, June 14, 1996.

<sup>31</sup>*The Miami Herald*, June 14, 1996.

<sup>32</sup>*EIU Business Latin America*, June 10, 1996.

<sup>33</sup>*The Ottawa Citizen*, March 9, 1996.

Companies Reassessing Operations in Cuba since LIBERTAD

**British American Tobacco (UK).** While simultaneously railing about U.S. policy, several British companies have urgently begun to review their business operations in Cuba. In Cuba through its Brazilian subsidiary Souza Cruz, BAT produces cigarettes for the Cuban market. BAT said it was exercising all potential for lobbying.<sup>34</sup> BAT was originally thought to be liable to a possible lawsuit because of its joint venture with Cuba's state-owned cigarette company, Uneta. The previous owner of the factory was American Tobacco, which is now part of BAT.<sup>35</sup>

**Beta Gran Caribe (UK).** An investment fund that has been unable to find a project to invest any of its 35 million Swiss Francs. "We're still doing our evaluations " said Arturo Lopez, manager of the Havana Investment Fund. "This law is going to make an investment here a little more difficult perhaps, but it will not stop it," he added.<sup>36</sup> However, *Cuba News* has reported that they are now planning to close their Havana office.

**ED & F Man (UK).** An international sugar house that is reportedly reviewing its business operations in Cuba. They helped to finance Cuba's 1995-96 sugar harvest but have admitted that U.S. policy is causing problems, and is considering "what can be done with our involvement in Cuba."<sup>37</sup>

**ERSCO (Canada).** Ricardo Ramos, an official in Montreal-based ERSCO's Havana office, was worried "we will be affected because we sometimes have to buy stock from the U.S. before sending it to Cuba." The company imports tools to Cuba.<sup>38</sup>

**Gencor (South Africa).** A mining company that has put "on hold" its operations in the province of Pinar del Rio.

**Grupo Vitro (Mexico).** A conglomerate that initially had plans to start a glass factory, but has since announced that it will not continue the project. The spokesperson has hinted that the project was undertaken under heavy pressure from the Salinas government.

**Heenan Blakey (Canada).** A major Canadian law firm that was taking a leading role advising Canadian investment in Cuba, the firm has announced that it was "reconsidering our decision to establish operations in Cuba" due to LIBERTAD. Significantly, former

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<sup>34</sup>*The Independent*, April 3, 1996.

<sup>35</sup>*Evening Standard*, May 31, 1996.

<sup>36</sup>*The New York Times*, April 6, 1996.

<sup>37</sup>*The Independent*, April 3, 1996.

<sup>38</sup>*The Toronto Star*, March 24, 1996.

Prime Minister Pierre Trudeau, a staunch Castro ally, is a partner in the firm. They represented York Medical, which was aggressively courting the Castro regime for a biotech agreement.

**PEMEX (Mexico).** Petroleros Mexicanos has "totally stopped" their project involving the Soviet-built oil refinery at Cienfuegos.

**Neal & Massey (Jamaica).** "In fact, we do have a company there and we are obviously concerned about our position," said Anthony Gomes, executive director.<sup>39</sup>

### Impact on Title IV Targets

**Sherritt International (Canada).** Sherritt, one of the most prominent foreign investors in Cuba, has nickel, cobalt, oil, and gas operations there. The company was split in 1995 after it was placed on the list of "Specially Designated Nationals" by the U.S. Treasury Department, barring it from dealings with the U.S. The Cuba operations were folded into Sherritt International Corp., while the company's traditional fertilizer operation, which has significant U.S. business, was moved to a new company named Veridian. After President Clinton called for new Cuba sanctions following the shutdown, Sherritt International's stock plummeted, causing several stockholder "revolts" against Sherritt's Cuba strategy. An analyst with Richardson Greenshields of Canada, said investors, especially those in the U.S., fear Washington may also find a way to punish Sherritt International's certificate holders for supporting the Castro regime.<sup>40</sup>

**Grupo Domos (Mexico).** Domos bought into the Cuban national phone company in 1994 for a reported \$750 million. ITT, whose former offices Domos now occupies, operated the phone system with the Cuban Telephone Company until the system was confiscated in 1960. ITT now has a \$130 million certified claim. Domos has had financial difficulties virtually since the deal was signed. Despite selling 25 percent of its stake to the Italian phone company Stet last April for \$291 million, the company has not met its payroll in six weeks.<sup>41</sup> They also owe more than \$320 million to the Cuban government, and its debt is increasing by up to \$4.5 million a month. Domos president Javier Garza Calderon is seeking a foreign partner to buy part of his Cuban business and help pay his debt.<sup>42</sup> Domos will now depend on the Mexican government to help it, and Cuba, save face. Although Domos has been previously turned down by Bancomext, the Mexican government's

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<sup>39</sup>*The Miami Herald*, March 6, 1996.

<sup>40</sup>*The Reuter European Business Report*, February 27, 1996.

<sup>41</sup>*The Miami Herald*, June 18, 1996.

<sup>42</sup>*The New York Times*, April 6, 1996.



export bank, it is expected that Bancomext will now come up with the \$300 million.<sup>43</sup>

A recent report indicated that executives from the company are contemplating pulling out of Cuba, according to Mexican and U.S. officials. Representatives from Domos met with State Department officials the week of June 10 to determine which properties would be deemed to be confiscated.

**STET (Italy).** Italian telecom group Societa Finanziaria Telefonica (Stet) SpA's managing director Ernesto Pascale said its investments in Cuba are carried out indirectly through Stet International and claims the company has no relationship with property nationalized from ITT. "When Stet International acquired 25 percent of Citel which holds 49 percent of the Cuban phone company Etesca the new U.S. law didn't exist. But we were guaranteed that there were no U.S. properties [nationalized by Cuba] in the assets of the Cuban phone company." Stet international bought a 25 percent stake in Citel, the holding company handling the Cuban telephone company, from Grupo Domos of Mexico in April 1995. The other 51 percent of Etesca is controlled by the Cuban state through Cubatel.<sup>44</sup>

#### Companies that are Holding Firm in Cuba

Foreign press reports say that some companies operating in Cuba are restructuring their firms to make it difficult for the U.S. to identify whether they are operating in Cuba (see Cuba's "Counter-Strategy" below). "It's called here 'threading the needle,'" a western diplomat told the *Financial Post*. The *Post* reported that some foreign companies have been setting up subsidiaries in Panama and other Latin American countries, while others have been changing head office locations in Havana to ensure they are not operating in buildings once owned by Americans.<sup>45</sup>

**BM (Israel).** Already involved in Cuban citrus exports, the Israeli firm signed a deal to build offices and commercial space. This would be the third known real estate deal in Cuba, following Spain's Argentaria and Monaco's Montecarlo International Real Estate.<sup>46</sup>

**Cubanacan Exploration (Canada).** Top executive Allan Kent of the oil company said of Title IV, "They have the right to tell me if I can go to their country or not. Personally, I'm not bothered at all," and then signed a deal for oil exploration on the same day LIBERTAD was signed into law.<sup>47</sup>

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<sup>43</sup>*The Miami Herald*, June 10, 1996.

<sup>44</sup>*Reuters*, May 30, 1996.

<sup>45</sup>*The Financial Post*, June 29, 1996.

<sup>46</sup>*Reuters*, March 19, 1996.

<sup>47</sup>*Calgary Herald*, March 25, 1996.

**DSC Hotels (Mexico).** Chairman Felix Lopez announced that the company -- which has put \$35 million into the Tuxpan Hotel in Varadero -- will invest a further \$120 million in Cuba: \$60 million in a Cayo Coco tourism complex; \$16 million for a container terminal in Havana; \$5 million for tourism promotion; and \$40 million for a public transportation concession.<sup>48</sup>

**Wilton Properties Ltd. (Canada)** The Vancouver-based company announced it has signed a \$400 million deal to build 11 resort hotels in Cuba. CEO Walter Berukoff, who also runs a mining firm active in Cuba (Miramar Mining), said, "We've been very careful not to deal in expropriated U.S. properties. We have no desire to upset the Americans."<sup>49</sup>

**Finmed (Italy).** The firm signed a joint venture with Cuba's state tourism company Cubanacan to build a health tourism hotel on the island. The joint venture will be called Mediclub, and will be a 50-50 split valued at \$15 million according to Cuba's Communist party newspaper Granma. The 200-room facility will be complete in 18 months and will be located in Santa Lucia in eastern Camaguey province.<sup>50</sup>

**Sol Melia (Spain).** The major Spanish hotel chain and largest foreign hotel operator in Cuba currently operates six hotels, three of which are joint ventures with the regime. The company plans to add a hotel and a cruise ship in the next year. Sol Melia has invested \$50 million in Cuba, which accounts for 6-7 percent of Sol Melia's annual net income of \$1.1 billion.<sup>51</sup> The company recently held an IPO of its management company Hoteles Melia SA, but the U.S. tranche had to be canceled due to LIBERTAD. After announcing with much fanfare it would leave the U.S. market if forced to make a choice on Cuba, company officials subsequently began backtracking.<sup>52</sup>

**Vitol (British-Dutch).** The Anglo-Dutch commodities trading firm Vitol signed a deal with the Cuban state firm Cubanacan to build a hotel in Varadero. The agreement, to build a 300-room hotel, was signed by Juan Jose Vega, president of Cubanacan, and Enrique Castano, president of Amanecer Holding, a company formed by Cubanacan and Vitol subsidiary Sunrise Bermuda Ltd. Vitol already as a deal with Cubanacan to renovate the Parque Central Hotel in Havana.<sup>53</sup>

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<sup>48</sup>*The Miami Herald*, June 10, 1996.

<sup>49</sup>*The Miami Herald*, July 6, 1996.

<sup>50</sup>*Reuters*, May 25, 1996.

<sup>51</sup>*The Miami Herald*, May 24, 1996.

<sup>52</sup>*Reuters*, June 28, 1996.

<sup>53</sup>*Reuters*, April 17, 1996.

**York Medical (Canada).** The biotech firm has joined with Cuba to develop biotechnology products and sell them in Canada and Europe. Cuba has granted York licenses to test and market human and veterinary pharmaceuticals produced by Cuba. York chairman David Allen believes "the intellectual properties and scientific institutions we are dealing with have only come into existence over the last decade or so" and York will not be affected by LIBERTAD. York received support and financing from the Canadian International Development Agency and the Medical Research Council of Canada. Also, there are several private investors involved, as well as the government of Saskatchewan.<sup>54</sup>

**Delta Hotels (Canada).** Marilotte Bloeman of Delta Hotels, which operates five resorts, a hotel, and a tour business in Cuba, said the company does not "operate any of the hotels that are perceived to be confiscated."<sup>55</sup>

**Benetton (Italy).** The Italian clothing firm Benetton SpA said it had not received any advice from the U.S. government concerning its business links with Cuba. A Benetton spokesperson said that the group had not received any letter and added it had no direct presence in Cuba, but rather only through licensing.<sup>56</sup>

**Pizza Nova (Canada).** Sam Primucci, owner of Pizza Nova, which has set up two franchises and one kiosk in Cuba, said, "If they don't want me to go over the border and spend my money, and my wife to go shopping over the border, then she'll shop in Yorkville [Toronto suburb] instead." "I'm just so tired of this. It's just not right."<sup>57</sup> Primucci also said, "The Canadian government has to fight for us."<sup>58</sup>

#### IV. THE CUBAN RESPONSE

The response of the Castro regime to LIBERTAD has been shrill and incessant, a further indication of the immediate, as well as potential, impact of the law. Regime officials have referred to the law as a "monstrosity" and a "law against humanity,"<sup>59</sup> but also acknowledge its effects. In a report delivered to Cuba's National Assembly on the Cuban

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<sup>54</sup>*The Financial Post*, June 7, 1996.

<sup>55</sup>*The Ottawa Citizen*, March 9, 1996.

<sup>56</sup>*Reuters*, May 24, 1996.

<sup>57</sup>*The Ottawa Citizen*, March 9, 1996.

<sup>58</sup>*The Toronto Star*, March 14, 1996.

<sup>59</sup>*The Reuter Business Report*, March 12, 1996.

economy, Secretary of the Cuban Council of Ministers Carlos Lage warned of a coming shortage of foreign capital as investors are scared off by the threat of sanctions under the U.S. law.<sup>60</sup> Octavio Castillo, deputy minister for foreign investment, said, "The Helms-Burton Act adversely affects the image of this country as an attractive base for investment."<sup>61</sup> In Mexico, foreign investment official Raul Taladrid admitted to potential investors that LIBERTAD "will hurt us, it will delay investment." Carlos Fernandez de Cossio of the Cuban Foreign Ministry said the law would "without a doubt" effect the Cuban economy.<sup>62</sup>

**Global Campaign.** Top Cuban officials have thus set upon a global campaign to rally foreign opposition to LIBERTAD and attempt to re-assure investors and potential investors on Cuba's economic viability. Carlos Lage just completed a low-profile swing through Europe to discuss the implications of the law with, among others, UK trade officials, Mercedes Benz, and the Italian firm Stet. Minister of Foreign Investment Ibrahim Ferradez was recently in Madrid attempting to placate Spanish investors, while deputy foreign minister Jorge Bolanos toured Latin America trying to rally opposition and reach out to investors.<sup>63</sup> Castro has also sent delegations to Geneva to drum up international support against the law at the World Trade Organization.<sup>64</sup>

**Counter-Strategy.** The Castro regime is also moving quickly to try to offset the damage of LIBERTAD by pledging, as Raul Taladrid did in Mexico, that any government or company worried about the law can seek assistance from the Cuban government. "We can help them or give them the elements to help themselves," he told a group of investors. As investment minister Ibrahim Ferradez told Canada's *Financial Post*, "Where we find a foreign partner who...may be scared, we will advise him and try to find ways to protect him."<sup>65</sup>

While in Great Britain recently, the head of the Cuban Chamber of Commerce, Carlos Martinez Salsamendi, laid out the regime's strategy to assist foreign investors in evading LIBERTAD: "We at the Chamber of Commerce are willing to do our utmost to help those foreign companies who think they could be subject to reprisals from this legislation. If a company wants to change its name, or bring in new papers, we would be willing to do that. If they do not want us to provide public information, we would help them

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<sup>60</sup>*Chronicle of Latin American Economic Affairs*, April 4, 1996.

<sup>61</sup>*Deutsche Presse-Agentur*, April 22, 1996.

<sup>62</sup>*The Miami Herald*, March 1, 1996.

<sup>63</sup>*Financial Times*, June 11, 1996.

<sup>64</sup>*The Reuter European Community Report*, March 20, 1996.

<sup>65</sup>*The Financial Post*, June 29, 1996.

by doing that. If they want to do business through other companies or countries, we will help them do that and we will help by explaining to them the full implications of the Helms-Burton law.<sup>66</sup>

Cuba has also responded to LIBERTAD by promising, supposedly writing it into contracts, to indemnify foreign investors against any losses under U.S. law. Some analysts have estimated the costs incurred under Helms-Burton could amount to \$200 million. While in Toronto at a trade conference, Cuban trade official Rafael Roqueta said, "it would not be possible" for Cuba to cover all the costs. He said Havana would have to consider action on a "case-by-case basis."<sup>67</sup>

## V. CONCLUSION/RECOMMENDATIONS

Clearly, the impact of the LIBERTAD law on the last dictatorship in the Americas has been immediate, verifiable, and fully consistent with the intention of the law's supporters. However, if a "chilling effect" is clear, then so is the fact that some companies are taking a "wait-and-see" attitude trying to determine the resolve of the Clinton Administration in implementing Title IV and deciding whether to allow Title III to take effect.

Therefore, any perception that the United States is less than 100% committed to the full enforcement of LIBERTAD will likely embolden foreign investors that have signed contracts with the Castro regime to remain in Cuba or restore confidence in those contemplating such action. In short, the "chilling effect" will likely dissipate.

The Clinton Administration has already demonstrated its willingness to stand up to foreign governments' criticisms to defend LIBERTAD, its right to implement it, and its responsibility to act unilaterally if need be against rogue states. It has gone further to reject numerous allegations made about the law, such as that it "violates" international law, that it is "extraterritorial," or that it constitutes a "secondary boycott."

Thus, after the Administration has taken such heated foreign criticism for LIBERTAD and after all the effort put into defending it and rejecting assorted allegations, it would be entirely consistent with Administration's defense of the law to allow Title III to take effect.

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<sup>66</sup>*Reuters*, April 22, 1996.

<sup>67</sup>*The Washington Times*, April 23, 1996.



Indeed, implementation of Title III is essential to ensuring the present "chill" regarding foreign investment in Cuba is maintained and to increasing pressure on the Castro dictatorship by disrupting its economic lifeline of foreign investment. The United States is on firm legal and moral ground in saying to foreign governments and companies that if you insist on assisting Fidel Castro in his subjugation of the Cuban people you will not use stolen American property do so. A free, democratic, and independent Cuba is clearly in the U.S. national interest, and the LIBERTAD law, in inhibiting foreign investment and laying out the framework of a future relationship, promotes that objective.

Lastly, the Clinton Administration should not be dissuaded from fully implementing Titles III and IV by the threat of retaliatory legislation from Canada and others. Such legislation is likely to be unenforceable and is designed mainly for respective internal consumption. Canada, for example, made the same threats when the Cuban Democracy Act was implemented in 1992 and there were no repercussions. Given that the State Department has already indicated the U.S. will respond to any retaliatory legislation against LIBERTAD, it is unlikely that any country would be willing to jeopardize bilateral relations over the Cuban dictator.

## APPENDIX

## 1. CUBA'S HALL OF SHAME

*Corporations and companies identified in the international press as having entered into commercial and business dealings with the Castro regime or were reported to be in business discussions with Cuban officials.*

AUSTRALIA

ANZ Bank (Finance)  
BHP (Mining)  
Rhodes (Mining)  
Western Mining Corp. (Mining)  
Westminer Holdings

AUSTRIA

Rogner Group (Tourism)

BRAZIL

Andrade Gutierrez Perforacao (Oil)  
Coco Heavy Equipment Factory (Sugar)  
Furnas Centrales Electricas (Electricity)  
Petrobras S.A. (Oil)  
Souza Cruz (Tobacco)  
Tintas Rener SA (Construction)

CANADA

Advanced Laboratories (Manufacturing)  
Anglers Petroleum International (Oil)  
Banque Nationale de Canada (Consulting)  
Bolivar Goldfields Ltd. (Mining)  
Burns Schwartz International (Legal)  
Canada Northwest Energy Ltd. (Oil)  
Capilano International (Oil)  
Caribgold Resources Inc. (Mining)  
Chemex Labs Ltd. (Mining)  
CIMC (Consulting)  
Commonwealth Hospitality Ltd. (Tourism)  
Davy International (Mining)  
Delta Hotels (Tourism)  
ERSCO (Machinery)

ExporCanada (Import/Export)  
Extel Financial Ltd.  
Fermount Resources Inc. (Oil)  
Fracmaster (Oil)  
Globafon  
Golden Hill Mining Corp. (Mining)  
Heath and Sherwood (Oil)  
Heenan Blakey (Consulting)  
Hola Cuba  
Holmer Goldmines  
Int'l Barytex Resources Ltd. (Mining)  
Joutel Resources Ltd. (Mining)  
KWG Resources Inc. (Mining)  
LaBatt International Breweries  
Lantic (Sugar)  
Marine Atlantic Consultant (Shipping)  
MacDonald Mines Exploration Ltd.  
Marlock Delita (Mining)  
Metal Mining  
Millenium Freight Forwarding (Shipping)  
Mill City Gold Mining Corp.  
Miramar Mining Corp.  
Minera Mantua  
Mobius Web Corporation (Telecommunications)  
Nordic Cogan Systems (Mining/Energy)  
Northern Orion Explorations Ltd. (Mining)  
Pizza Nova (Tourism)  
Realstar Group (Tourism)  
Republic Goldfields  
Scintres-Caribe (Mining)  
Sherritt Inc. (Mining)  
General Nickel SA  
Cobalt Refinery Co.  
International Cobalt Co.  
Synectic Software, Inc. (Software)  
Teck Corporation (Mining)  
Toronto Communications

Val d'Or (Mining)  
 Wilton Properties (Tourism)  
 Wings of the World (Tourism)  
 York Medical (Biotechnology)

### CHILE

Dolphin Shoes (Clothing)  
 Ingelco S.A. (Citrus)  
 Latinexim (Food/Tourism)  
 New World Fruit  
 Pole S.A. (Citrus)  
 Santa Ana (Food/Tourism)  
 Santa Cruz Real Estate (Tourism)

### CHINA

Neuke (Manufacturing)  
 Union de Componentes Industriales Cuba-China  
 (Manufacturing)

### COLOMBIA

Aero Republica  
 Interncontinental Airlines  
 Proexport  
 Representaciones Agudelo (Sporting Goods)  
 SAM (an Avianca Co.)(Tourism)

### DOMICAN REPUBLIC

Dominica Coconut Products (Coconut Oil)  
 Import-Export SA (Manufacturing)  
 Meridiano (Tourism)

### ECUADOR

Caney Corp. (Export of Cuban rum)

### FRANCE

Accor SA (Tourism)  
 Coralia  
 Alcatel (Telecommunications)  
 Babcock (Machinery)  
 Bourgoin (Oil)  
 CNN (Oil)  
 Christian Dior (Cosmetics)  
 Club Mediterranee (Tourism)  
 Cofeco Caribe (Bakery Industry)  
 Compagnie Europeene des Petroles (Oil)

Devexport (Machinery)  
 Electricite de France (Energy)  
 Fives Lille (Machinery)  
 French Electric Co.  
 GEC / Alstom (Electronics)  
 Geofinancier (Oil & Coal)  
 Geopetrol  
 Geoservice (Oil)  
 Groupe Pastor (Construction/Real Estate)  
 Jetalson (Construction)  
 JMB International (Sugar)  
 Maxims (Cigars and Restaurants owned by  
 Pierre Cardin)  
 Oil For Development (Oil)  
 OM (Tourism)  
 Pernod Ricard Group (Beverages/Tourism)  
 Peugeot (Automobiles)  
 Pierre Cardin  
 Pompes Guinard (Machinery)  
 SEITA [Societe d'Exploitation Industriel des Tabacs  
 et d'Allumets] (Tobacco)  
 Societe General de Paris (Banking)  
 Sucres et Donrees (Sugar)  
 Thompson (Air Transport)  
 Total & Compagnie Europeene Des Petroles (Oil)  
 Tour Mont Royal (Tourism)

### GERMANY

BASF  
 Bayer  
 Condor Airlines (Charters for Lufthansa)  
 Daimler-Benz AG  
 Deutsche Bank  
 Deutsche Welle (Broadcasting)  
 LTU [LTI in Cuba](Tourism)  
 Mercedes-Benz (Industrial vehicles/parts)  
 MCV Commercial  
 MCV Services  
 Putzmeister Construction Co.  
 Siemens AG (Energy)

### GREECE

Lola Fruits (Citrus)

### HOLLAND

Acemex (Shipping)  
 Curacao Drydock Company (Shipping)  
 Golden Tulip (Tourism)

ING [Internationale Nederlanden Group] (Banking)  
 Netherlands Caribbean Bank [Curacao]  
 Nederlandse Spoorwegen (Deutsch Railways)  
 Niref (Mining)  
 Vitol (Mining)

#### HONDURAS

Facuss Foods

#### HONG KONG

Pacific Cigar

#### IRELAND

EdenBrook Investments Ltd. (Biotechnology)

#### ISRAEL

BM (Citrus)  
 GBM Miramar Construction  
 Tropical (Manufacturing)  
 World Textile Corporation S.A.

#### ITALY

Ansaldo SpA (Energy)  
 Benetton (Clothing)  
 Costa Crociere (Tourism)  
 Milestone [Curacao]  
 ENI (Mining)  
 Fiat (Automobiles)  
 Finmed (Tourism)  
 FGS International (Manufacturing)  
 Fratelli Cosulich (Gambling)  
 GOING (Tourism)  
 Italcable (Telecommunications)  
 Italturis (Tourism)  
 San Pellegrini (Mineral water)  
 Snadeiro SpA (Finance)  
 STET (Telecommunications)  
 Viaggio di Ventaglio (Tourism)

#### JAMAICA

Caricom Investments Ltd. (Construction)  
 Caricom Traders  
 Grace, Kennedy & Co. Ltd. (Trading)  
 InterCarib (Tourism)  
 Superclubs (Tourism)

#### JAPAN

Casio (Manufacturing)  
 Mitsubishi (Automobiles/Tourism)  
 Nissan Motor Co. Ltd (Automobiles)  
 Nissho Iwai Corp. (Sugar)  
 Toyota (Automobiles)  
 Sumitomo Trading Corporation (Automobiles)  
 Suzuki Motor Corp. (Automobiles)

#### LEBANON

Fransabank SAL (Sugar)

#### MEXICO

Association of Mexican Transporters (AMT)  
 (Transportation/Sale of Busses)  
 Banco Nac. de Comercio Exterior de Mex.  
 Bufete Industrial  
 Cemex (Cement)  
 Corporacion Interamericana de Telecomunicaciones  
 Cubacell Enterprises (Telecommunications)  
 Del Valle (Manufacturing)  
 Domeq  
 DSC Consortium (Tourism)  
 Grupo Domos (Telecommunications)  
 Domos Int'l (Tourism/Real Estate)  
 Grupo Industrial Danta (Textiles)  
 Grupo Infra de Gases  
 Incorporacion Internacional Comercial  
 Industrias Unidas de Telefonía de Larga Distancia  
 International Textile Corp. (Textiles)  
 La Magdalena Cardboard Company  
 Mexicana de Aviacion  
 Aero-Caribe  
 Mexpetrol (Oil)  
 Pemex  
 Bancomex  
 Mexican Petroleum Institute  
 Protexa  
 Bufete Industrial  
 Ingenieros Civiles Asociados  
 Equipos Petroleos Nacionales  
 Telecomunicaciones Internacionales de Mexico  
 Vitro SA (Manufacturing)

#### MONACO

Monte Carlo Int'l Real Estate SA (Construction)  
 Pastor (Real Estate)

NORWAY

Vard (Tourism/cruises)  
Kloster Cruises Ltd.

PANAMA

Bambi Trading  
Corporacion Cerveza Clara  
MinAmerica (Mining)

PORTUGAL

Amorim (Finance)

RUSSIA

Alfa-Eko (Commodities/Sugar)  
Menatep (Commodities)  
Stolichny (Banking)  
Inkombank (Banking)

SOUTH AFRICA

Anglo-American Corporation (Mining)  
Amsa (Mining)  
De Beers Centenary (Mining)  
Gencor (Mining)  
Minorco (Mining)  
Sanachan (Fertilizers)

SPAIN

Argentaria (Real Estate)  
Banco Bilbao Viscaya  
Banco Central Hispanoamericano  
Banco Exterior de Espana  
Banco Mora  
Banco Sabadel  
Barcelo (Tourism)  
Caball de Basto S.L.  
Camacho (Manufacturing)  
Consorcio de Fabricantes Espanoles, Cofesa  
Corporacion Interinsular Hispana SA (Tourism)  
Cubiertas (Construction)  
Endesa (Tourism)  
    Mutual Insurance Company  
    Montaria Gestao  
    Trading International  
Esfera 2000 (Tourism)  
Gal (Manufacturing)

Guitart Hoteles SA  
Grupo Hotelero Sol  
Hialsa Casamadrid Group  
Iberia Travel  
Iberostar S.A. (Tourism)  
Kawama Caribbean Holdings  
K.P. Winter Espaola (Tourism)  
Miesa S.A. (Energy)  
National Engineering and Technology Inc.  
Nueva Compania de Indias S.A.  
Occidental Hotels  
Paradores de Turismo (Hotels/Real Estate)  
P&I Hotels  
Raytur Hoteles  
Riu Hoteles (Tourism)  
Sol Melia (Tourism)  
Tabacalera S.A. (Tobacco)  
Tintas Gyr SA (Ink Manufacturer)  
Tryp Hoteles (Tourism)  
Tubos Reunidos Bilbao (Manufacturing)  
Vegas de la Reina (Wine Importers)  
Viajes Iberia (Tourism)

SWEDEN

Foress (Paper)  
Taurus Petroleum  
Scania AB (Motors/sugar)  
SVE Truck (Transportation)

SWITZERLAND

Glencore (Manufacturing)

TRINIDAD & TOBAGO

Neal & Massey

UNITED KINGDOM

Amersham (Pharmaceuticals)  
Belize Holdings (Tourism)  
BETA Funds International  
    BETA Gran Caribe  
    Havana Asset Management Ltd.  
Body Shop International (Toiletries)  
British American Tobacco  
    Souza Cruz  
British Borneo PLC (Oil)  
Burmah Castrol PLC (Oil)  
Cable & Wireless (Telecommunications)



Commonwealth Development Corporation  
 ED & F Man (Sugar)  
 Fisons (Pharmaceuticals)  
 Glaxo (Pharmaceuticals)  
 Goldcorp Premier Ltd. (Manufacturing)  
 Hunters & Frankan (Cigars)  
 ICI Export Ltd. (Chemicals)  
 International Sugar Organization  
 LatInvest (Finance)  
 Ninecastle Overseas Ltd.  
 P & O (Tourism/cruises)  
 Premier Consolidated Oilfields  
 Rothschild (Investment Bank)  
 Simon Petroleum Technology  
 Tate & Lyle (Sugar)  
 Tour World (Tourism)  
 Unilever (Soap/Detergent)  
 Veedol (Manufacturing)  
 Welcomme (Pharmaceuticals)

VENEZUELA

Cervecera Nacional  
 Covencaucho  
 Fiveca (Paper)  
 Fotosilvestre  
 Gibraltar Trading (Steel)  
 Grupo Corimon  
 Grupo Quimico  
 Ibrabal Trading  
 Interlin  
 Intesica  
 Mamploca  
 Mamusa  
 Metalnez  
 Minera Siboney (Mining)  
 MM Internacional  
 Pequiven  
 Plimero del Lago  
 Sidor  
 Venepal  
 Venoco

[Updated July 1, 1996. Sources: International press reports; "Index of Foreign Investment in Cuba," *La Sociedad Economica* (London); Carribean Update; Information Service on Latin America;]

## 2. TEXT OF STATE DEPARTMENT TITLE IV "ADVISORY" LETTER

May 29, 1996

Dear [deleted] :

We understand that [deleted] may be involved in a joint venture with a Cuban government entity to [deleted]. We believe the property [deleted] subject to your arrangement was previously expropriated without compensation by the Cuban government from a U.S. national whose claim was certified by the U.S. Foreign Claims Settlement Commission.

As you may be aware, the United States recently enacted the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, also known as the Helms-Burton Act. Title IV of the Act, which entered into force on March 12, 1996, provides for the denial of visas to or exclusion from the United States of any foreign nationals who, after March 12, 1996, confiscates or traffics in confiscated property in Cuba, a claim to which is owned by a U.S. national. Title IV also requires the exclusion of corporate officers, principals or controlling shareholders of companies that engage in "trafficking" as well as the spouse, minor child or agent of such persons.

Title IV states that a person "traffics" in confiscated property if that person knowingly and intentionally: transfers, distributes, dispenses, brokers or otherwise disposes of confiscated property; purchases, receives, obtains control of, or otherwise acquires confiscated property; or improves or invests in (other than for routine maintenance) or begins to manage, lease, possess, use or hold an interest in confiscated property. The term "traffics" also covers entry into a commercial arrangement using of otherwise benefitting from confiscated property, as well as causing, directing, participating in or profiting from trafficking by or through another version or entity. However, the Congressional Conference Committee report explaining its view of the legislation stated "the sale or abandonment of confiscated property in Cuba for purposes of disengaging from Cuba is excluded from the definition of trafficking." A copy of Title IV is enclosed.

The Department of State is currently developing implementing guidelines for Title IV, which we expect to publish soon. We expect to begin making determinations under Title IV, based on careful review of the facts in each case, once the implementing guidelines are in place. Please be advised that, if [deleted] has engaged in activities after March 12, 1996, that comes within the meaning of confiscation or trafficking in confiscated property under Title IV, persons associated with the company may be subject to a determination of visa ineligibility or excludability by the Department of State, in accordance with the terms of the Act.

The United States Government is moving expeditiously to implement the provisions of the Act. I hope this information will be useful to you in making any decisions about involvement with confiscated property in Cuba, a claim to which is owned by a U.S. national. If you have any information (concerning your) [deleted] investment in Cuba that you wish to provide, you may forward it to the Office of Cuban affairs, Room 3244, U.S. Department of State, Washington, D.C. 20521.

Sincerely,

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